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USSR Report

INTERNATIONAL ECONOMIC RELATIONS



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USSR-WORLD TRADE

MITSUI TRADE ACTIVITY WITH USSR DETAILED

Moscow MOSCOW NEWS in English No 1, 15-22 Jan 84 p 4

[Article by N. Izyumova: "More Incentives for Broader Cooperation"]

[Text]

"Chemistry-83" was the title of the exposition held in Moscow by the Japanese firm Mitsui & Co., Ltd.

One of Japan's largest trading companies, it has long-established ties with the Soviet Union. The company's total trade turnover with the USSR is now about 700 million dollars.

Chemistry is the largest cooperation area. Mitsui not only sells its products to the USSR and buys Soviet ones, but also exports whole plants which manufacture mineral fertilizers and petrochemical products. The firm has assisted in the construction of 40 such plants.

Mitsui is a member of the Soviet-Japanese Committee on Trade and Economic Cooperation. The firm is active in major industrial projects, including the construction of the Vostochny container terminal port and the loading pier for the South Yakutia coal complex, as well as lumbering in Siberia.

"This exposition," an MN correspondent was told by the firm's Executive Managing Director Tsuneo Tachiki, "is the first specialized show in chemical products. We used to hold annual expositions in

the USSR demonstrating the products manufactured by all the company's divisions. The present event is meant to show the Soviet engineers our achievements in chemistry. We hope to conclude contracts with Soviet organizations here. Our firm doesn't restrict itself to bilateral goods exchange. Through a network of our foreign branches, we are going to sell Soviet chemical products to third countries, thus increasing, in the final analysis, the volume of Soviet-Japanese trade on the whole."

"Mitsui's first specialized exposition of chemical products," said Yuri Plotnikov, deputy general director of Soyuzkhimexport, "will allow our engineers to get a detailed idea of the wide range of the exhibited products. 1984 is about to begin, the fourth year of the 11th Five-Year Plan. According to our plans, these five years are noted for intensified industrial development, including the chemical industry in Siberia and the Far East. This certainly provides new impetus for further development of USSR-Japan cooperation."

CSO: 1812/142

USSR-WORLD TRADE

ARTICLE ON USSR ECONOMIC ACHIEVEMENTS EXHIBITION HIGHLIGHTS CEMA ROLE

Moscow APN DAILY REVIEW in English 1 Mar 84 pp 1-4

[Article by V. Vedrashko: "Profile of an Exhibition"]

[Text] The USSR Economic Achievement Exhibition, which contains 100,000 exhibits, welcomes almost 11 million visitors a year. The Exhibition allows visitors to do more than see the latest achievements of the USSR and to have a peep into its future. In the early Soviet period the national agricultural and handicrafts exhibition, from which the USSR Economic Achievement Exhibition took over, helped Soviet people to establish contact with citizens of other countries.

Compared with the 1920's, the pavilions of the 1980's illustrate a more advanced stage in the development of the economy and external links of the USSR. Many exhibits were made possible jointly by the USSR and its CEMA partners.

A display devoted to the 35th anniversary of CEMA, to be opened in the Exhibition's main pavilion soon, will illustrate the main economic and social achievements of the CEMA countries. Underscoring the CEMA countries' faster growth rates compared with the developed capitalist states, the display will deal with progress made in implementing the comprehensive program for socialist economic integration and CEMA countries' long-term goal-oriented cooperation programs.

For more than 20 years now, CEMA countries have cooperated in developing means to protect metal from corrosion. They have introduced the results of 35 collaborative projects into production. These include an anode protection system installed at the sulphuric acid tanks of the Tissa works in Hungary, and a coating for machine components which was tested at the Elitex plant in Czechoslovakia and at the Leninski Komsomol chemical fiber plant in Daugavpils, Latvia. The coating will save users in excess of one million roubles. The latest achievements in this field can be seen at the inter-industrial display of advances and progressive methods of protecting metals and metalware from corrosion, which is on view in the Engineering Pavilion.

The Atomic Energy Pavilion will house a display dealing with the new aspects of the program for the construction of atomic power stations in CEMA countries.

The organizers of the display have a wealth of material to choose from, since by 1990 the capacities of atomic power stations to be built with Soviet assistance in other CEMA countries are planned to reach 37 million kilowatts.

The progress of agriculture is a common concern of the CEMA countries. The Land Melioration and Water Management Pavilion illustrates Soviet-GDR cooperation in the design and construction of the Vladimirski complex for 18,000 head of young cattle on the Lakin state farm, Sobinski district, Vladimir region. In the same pavilion, visitors will see a pumping station developed jointly by the Soyuzvodproekt design office of the USSR and the Sigma enterprise of Czechoslovakia. CEMA countries also develop farm machinery for risk-farming zones to reduce the effects of drought and soil erosion.

Every year the Soviet Union hosts major international specialized exhibitions. The USSR also participates in exhibitions arranged abroad. All Soviet displays include sections dealing with the joint achievements of CEMA partners. Last year people flocked to see the international exhibition of printing machinery, exhibitions devoted to the 35th anniversary of socialist Prague and to Sofia, the capital of socialist Bulgaria.

In March and April of this year Moscow will welcome an international exhibition of equipment, instruments and tools used for metal-working. The "Metal-working-84" exhibition will demonstrate CEMA countries' latest technical achievements, particularly numerically-controlled machines, robots and machining centres.

The USSR is carrying out its Food Program with the help of machinery imported from other countries. Thus, the Soviet Union imports grain cleaners from the GDR, vineyard tractors from Bulgaria, small-capacity machines to till mountain pastures from Czechoslovakia and maize drills from Romania. These and other farm machinery made in CEMA countries will be shown at this year's international farm machinery exhibition.

These specialized exhibitions reflect the in-depth growth of cooperation among CEMA countries in their respective fields.

"The display area of the Exhibition's 79 pavilions runs into 162,000 square meters", said V. A. Sayushev, director of the USSR Economic Achievement Exhibition. "With numerous displays organized every year, the Exhibition would not be able to function properly without efficient information and reference services. Many pavilions have information centres representing sectoral scientific and technical information services. They have hundreds of corporate subscribers from leading research institutions and industrial enterprises. The information centers help organize scientific and technical seminars, instruction programs and other activities relating to the exchange and assimilation of advanced know-how. Thus, the information center of the Computing Technology Pavilion participated in organizing a display of documents bearing on the training of specialists in computer technology. During the display CEMA countries exchanged their experience in manpower training. In particular, a workshop was held with the participation of Bulgaria, the GDR, Romania, Czechoslovakia, the USSR and Cuba."

In the opinion of V. A. Sayushev, the Exhibition's possibilities for information exchanges are not yet used to the fullest. That is why it is planned to develop an automated control system for the USSR's Economic Achievement Exhibition, to update the facilities of the Exhibition's Information centre so as to make information about CEMA countries' achievements available to experts without delay. CEMA agencies use many different channels for the exchange of information and progressive know-how. However, the Exhibition is a unique establishment with specific possibilities in this field. The Exhibition has major reserves for organizing more effective displays to demonstrate the USSR's growing ties with other socialist countries in different fields. CEMA countries' economic cooperation favourably affects the life of all of them.

The importance of this cooperation will continue to grow, particularly for the communist education of the public. This is why the role will also grow of CEMA countries' joint displays and other activities throwing light on the achievements of socialism.

(Pravda, February 6. Abridged.)

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USSR-WORLD TRADE

QUANTITATIVE ASSESSMENT OF FOREIGN TRADE'S EFFECT ON SOVIET ECONOMY

Moscow FOREIGN TRADE in English No 2, Feb 84 pp 16-22

[Article by Vyacheslav Seltsovsky, chief of the Statistics Division, Main Planning and Economic Department, USSR Ministry of Foreign Trade entitled: "Analyzing the Effectiveness of Soviet Foreign Trade"]

[Text]

Today when the volume of Soviet foreign trade has grown considerably, the pattern of the country's exports and imports broadened and the number of its trading partners increased many times over, the further enhancement of the effectiveness of our foreign trade has become of special importance. At the 26th Congress of the CPSU it was pointed out: "Planning and economic agencies are called upon to work continuously for more effective foreign economic ties in order to save manpower and material resources, to speed up technical progress, and get a gain in time."¹

The foreign trade of the USSR is the leading link in its economic relations with other countries. All forms of its external economic ties are realized chiefly through export and import. Never before has Soviet foreign trade played so important a role in the country's economy and international economic relations as it plays today.

The USSR's foreign trade turnover increased from 2,900 million rubles in 1950 to 119,600 million rubles in 1982², a 41-fold increase, and continues to grow at a rapid pace. Over the past 12 years (from 1971 to 1982) the annual rise in Soviet foreign trade has averaged 15.1 per cent. The number of our trading partners went up from 44 in 1950 to 143 in 1982, or more than trebled.

Good progress is being made by the USSR in its external economic ties which are an effective means for accomplishing the country's political and economic tasks set in its eleventh five-year plan. In 1981 and 1982 its foreign trade turnover increased 27.1 per cent.

When studying the effectiveness of foreign trade an important role belongs to a system of effectiveness indicators characterizing exports and imports from different points of view and to improved methods of economic and statistical analysis.

The effectiveness of foreign trade commonly implies the saving of social labour in a country's economy. This saving is achieved thanks to the export of products whose national production costs are lower than international, and to the import of foreign products whose home production costs are higher than international. This is the direct purpose of exports and imports; there is also an indirect effect seen in the positive influence of foreign trade which it exerts on the economic development of the country as a whole, including the effect on progressive changes in macro-economic proportions, the increasing of industrial potential of the country, the technical equipping of its economy, etc.

A quantitative assessment of the economic effect foreign trade has is therefore important. So far no theoretical and methodological ways have been found to assess the indirect effect foreign trade has on the economy of a country. Nor is there any common view on the question as to which of the assessment methods is most preferable theoretically and methodologically for appraising the indirect effect of foreign trade.

The effectiveness of any activity is assessed by comparing input expenditures with the results achieved.

In the case of foreign trade the result of export can be viewed as foreign currency earnings and the input as labour expenditures needed to produce the export goods.

In view of this the export effectiveness indicator can be expressed by the formula:

$$E_e = \frac{C_e}{L_e}, \text{ where} \quad (1)$$

E_e — effectiveness of the export of a commodity;

C_e — currency receipts from export (international cost);

L_e — labour expenditure producing the commodity (national cost).

The result of the import of goods is the saving in national labour expenditure over the import of goods as compared with their production at home.

The import effectiveness indicator can be obtained from the formula:

$$E_i = \frac{D_i}{C_i}, \text{ where} \quad (2)$$

- E_i — effectiveness of import;
- D_i — possible labour expenditures made in the production of an import commodity (national cost);
- C_i — currency expenditures on imports (international cost).

As is known, social labour expenditures are expressed through a system of home market prices which may for a number of reasons differ from cost and, hence, from socially necessary labour expenditures. That is why in calculating export or import effectiveness it is highly important to ensure correspondence between the value appraisal of inputs into the production of commodities and socially necessary labour expenditures.

At present Soviet economists differ on methods for appraising internal costs in the USSR: some propose assessing labour expenditures on the production of goods in terms of cost, others—in terms of wholesale prices less sales tax, still others—in terms of "reduced inputs."

Each of these methods for appraising internal costs in the USSR has its own specifics and gives only an approximate expression of socially necessary labour expenditures made for production of goods.

Prime cost in terms of money reflects changes in live and embodied labour expenditures on the output of products and is made up of two basic parts: the cost of the means of production and the cost of the necessary product for socialist society.

Expenditures on the means of production are made up of the cost of consumed objects and implements of labour carried forward to the finished products. The cost of the necessary product supplied for personal consumption by producers is seen in the form of wages and salaries of industrial and office workers.

Wholesale prices of an enterprise include the planned average sector cost and profit of the enterprise. The wholesale prices of an industry include the wholesale prices of an enterprise, the costs and profit of sales depots (sales wholesale rebate) and sales tax.

The profit of an enterprise is planned as an average for most sectors as some 10 to 15 per cent of the planned costs.

The costs and profit of sales depots (sales wholesale rebate) are insignificant and usually do not exceed one to two per cent of the prime costs.

Wholesale prices, which include sales tax, are basically applied in relation to certain consumer goods (vodka and wine, soft and pressed caviar, rare sorts of

fish, and so on). The amount of sales tax in large measure determines the deviation of the price from the cost of a commodity. That is why when calculating the effectiveness of foreign trade wholesale prices as an appraisal of inputs they are commonly established without account of the sales tax.

Reduced inputs are sometimes referred to as "macroeconomic" and can be found from the formula:

$$I_r = C + EI_c, \text{ where} \quad (3)$$

I_r — reduced inputs;
 C — cost;
 E — normative pay-off (effectiveness) coefficient;
 I_c — capital investments.

In the formula for reduced inputs the normative pay-off coefficient (E) is the reciprocal of the period of investment pay-off, i.e.,

$$E = \frac{1}{T}.$$

When calculating the economic effectiveness of foreign trade use is commonly made of the normative coefficient average for the macroeconomy, which is equal to 0.15 (the period of investment pay-off is taken as about seven years).

In the formula $C + EI_c$ the term EI_c is a correction to cost by the value of 0.15 of the investments, i.e., reduced inputs take into account not only current expenditures on the manufacture of a product (raw materials, components, fuel, energy, amortization of implements of labour, wages), but also the investments in production, which are not included in the cost of the product. That is why the reduced inputs indicator in its fullest volume reflects labour expenditures on the manufacture of a product as compared with cost and wholesale prices.

This indicator, however, is far from perfect. First, some economists are quite right in opposing the use of one macroeconomic investment effectiveness indicator for individual sectors, saying that the sector standard much more precisely reflects production conditions in several sectors.

Second, the component elements of the formula for reduced inputs—cost, normative coefficient and capital

Components of Wholesale Prices

Wholesale Price of Industry

I. Wholesale price of enterprise				II. Sales wholesale rebate (1-2% of cost)	III. Sales tax
1. Prime cost			2. Profit of enterprise (10-15% of planned cost)		
a) Cost of the means of production		b) Cost of necessary product (wages of Industrial personnel)			
Cost of consumed objects of labour (raw materials, fuel, energy)	Cost of consumed implements of labour (amortization)				

investments are determined with the use of existing prices. This means that when calculating the effectiveness of foreign trade all problems relating to discrepancy between prices and socially necessary labour expenditures are inherent in reduced inputs as well.

Finally, when calculating the value of reduced inputs difficulties occur in obtaining initial information and, above all, data on the capital-intensity of the output. More often than not use is made of calculated data. It is very difficult to determine the volume of investments taken in the manufacture of a given product. This circumstance makes it difficult to apply reduced inputs in practical calculations of foreign trade effectiveness for a wide range of merchandise.

Regarding the accessibility of data for economic effectiveness calculations preference should, of course, be given to wholesale prices. As O.K. Rybakov writes: "Price is a real instrument which operates in the economic sphere. From this point of view this instrument is clear to any economic body. Moreover, price is a value instrument by means of which the state pursues its economic policy, which is important when calculating economic effectiveness."⁵

It should also be borne in mind that for many goods macroeconomic expenditures have been reflected in the wholesale prices of 1967, while the improved wholesale prices of 1982 have brought them still closer to real cost. At the same time in a number of cases wholesale price is not free from the distorting influence of the overrated profit of an enterprise (or its rate of profitability).

Prime cost, while reflecting only the current production costs without surplus-product, determines labour expenditures on the manufacture of a product more correctly than wholesale prices.

In practice, however, the prime cost indicator has few advantages over wholesale prices. The components of cost are calculated on the basis of wholesale prices which contain various accumulation elements, sometimes overstated, which distort cost as compared with the amount of socially necessary labour expenditures. The only difference is that to get the wholesale price the profit has to be added to the cost.

In view of this the USSR Ministry of Foreign Trade, when calculating export effectiveness indicators as labour expenditures on the production of most goods, uses the wholesale prices of industry, without sales tax, but includes direct overheads (transportation costs in

shipping goods from the manufacturer to the USSR border, expenses on the transshipment of goods, their storage, and so on).

Possible labour expenditures on the production of an imported commodity at home are normally calculated according to the prices at which goods are sold (or bought) to the national economy (by national customers):

for raw materials and components—according to the wholesale prices of industry for similar goods of Soviet make;

for consumer goods—according to retail prices on similar home-made goods less sales rebate, both with and without indirect tax determined conventionally on the basis of indirect tax rates for comparable groups of home-made goods; for plant and machinery these expenditures are calculated two ways: if machines and equipment are imported from the socialist countries and their technical and economic characteristics meet the standards and technical conditions current in the USSR,—according to the wholesale prices approved on January 1, 1982; in the case of all other plant and machinery imported from socialist or capitalist countries,—according to contract prices reduced to the c.i.f. port basis or f.o.b. Soviet state border.

Foreign trade effectiveness indicators computed by formulae (1) and (2) are called indicators of the currency (budgetary) effectiveness of export and import. They are used to establish how many rubles in terms of foreign currency can be received per one ruble of expenditures in export production and the value of imported goods the country receives per ruble in foreign currency spent on imports. In the numerator and denominator of currency effectiveness indicators different assessments are used (in ruble and in foreign currency), explaining why they are called relative indicators.

In carrying calculations through to the final conclusion as to whether the export or import of individual goods is advisable, the currency effectiveness indicators of the export and import of these goods are corrected with the aid of import and export equivalents. In other words, the currency effectiveness of their export is multiplied by the mean currency effectiveness of their import, and the currency effectiveness of the import of goods is multiplied by the mean currency effectiveness indicator of their export.

The indicators thus obtained are called the absolute effectiveness indicators of export and import, and

whenever for a given commodity they are greater than unity, the exchange of this commodity is considered advisable.

Export and import currency effectiveness is greatly influenced by the level of contract prices, change in the proportion of goods with different effective parameters, and also labour expenditures on the production of goods.⁶ However, the existing method of analyzing effectiveness indicators does not, as a rule, take into account the influence of these factors on them and, as a result, may distort the actual effectiveness of the work being carried out by individual associations and the USSR Ministry of Foreign Trade as a whole.

Moreover, factor analysis of the consolidated indicators of foreign trade effectiveness is of great importance in disclosing reserves for its enhancement, which will, no doubt, help raise the scientific level of planning.

The general system of interconnected individual factors influencing effectiveness indicators is as follows:

$$\text{Effectiveness variation index} = \frac{\text{Index of average foreign trade prices} \times \text{Index of commodity structure (change in the proportion of goods with different effectiveness)}}{\text{Index of production costs}}$$

At the root of labour expenditures on the production of goods for export lie the wholesale prices of industry, which are relatively constant. Prior to 1982 the wholesale prices of 1967 were effective for most groups of products. Owing to this the influence of internal costs on the indicators of the currency effectiveness of Soviet foreign trade was not very substantial. At the same time the growth of world prices has turned our foreign trade prices into an important factor influencing the effectiveness of Soviet foreign trade. In the tenth five-year-plan period (1976-1980), for instance, the accretion in the indicators in Soviet export effectiveness due to the growth of average prices accounted for some 90 per cent.

It is worth noting that the growth of effectiveness indicators for Soviet exports due to average price increases (average price index) is influenced by shifts in the geographical structure (geographical structure index),⁷ i.e., by the changes in the distribution of exports by countries that have taken place in the reviewed peri-

od as compared with the base year, and also by assortment shifts.

The influence of assortment shifts on the average price index and foreign trade effectiveness indicators is manifested through the change in the correlation of goods whose prices have substantially increased or dropped (with a high or low index individual price variation). This influence on the consolidated indicators of commodity groups and commodity range sections may be quite significant, which the data in Table 1 confirms.

If we calculate the consolidated average price (a.p.) index for the said goods section by the average price index formula with "variable weights" (quantities in 1975) we obtain:

$$I_{a.p.} = \frac{\sum p_1 q_1}{\sum p_0 q_1} = \frac{614}{554 + 2.2 + 0.7 + 0.7} = 1.121, \text{ or } 112.1 \text{ per cent.}$$

Thus, in 1975 the average prices for the Soviet export of live animals rose by 12.1 per cent as compared with 1970.

If, on the other hand, we calculate the said consolidated index by the average price index formula with "constant weights" (quantities of the base year 1970), then we have:

$$I_{a.p.} = \frac{\sum p_1 q_0}{\sum p_0 q_0} = \frac{36.6 + 620 + 8.5 + 1.4}{208} = 3.203, \text{ or } 320.3 \text{ per cent.}$$

Thus, over the said period the average prices increased 3.2-fold.

It is evident that these two formulae from the economic point of view answer one and the same question—how would the export (import) value change due to price variations alone, provided the export (import) volume quantitatively remains unchanged. Since, however, in our calculations by the first formula we used the set of goods for 1975 and in the second case we used the set of goods for 1970, a great difference arose between the two computed indexes due to the influence of shifts in the assortment.

The ratio of the two "differently weighed" indexes of average prices will, in fact, reflect this difference, i.e., it represents the index of assortment shifts:

$$I_{\text{assort. shifts}} = \frac{\sum p_1 q_1}{\sum p_0 q_1} : \frac{\sum p_1 q_0}{\sum p_0 q_0} = \frac{112.1}{320.3} = 0.35, \text{ or } 35 \text{ per cent.}$$

This means that since the assortment of goods in 1975 changed as compared with 1970 (a fall in Soviet exports of the proportion of race-horses with the highest individual price index as compared with the other goods considered), the index of average prices for live animals over that period dropped by a factor of al-

Table 1
Dynamics of the Export of Live Animals from the USSR to the Capitalist Countries in 1971-1975

Names of goods according to UCN FT*	Number		Average price (rubles)		Value ('000 rubles)		Index of individual price variation, %
	1970	1975	1970	1975	1970	1975	
Pedigree horses (head)	27	445	1,222	1,357	33	604	111.0
Race-horses (head)	155	2	1,084	4,000	168	8	3.7-fold
Song-birds for zoos (number)	5,000	600	1.2	1.7	6	1	138.9
Queen bees (number)	330	240	3.0	4.2	1	1	137.0
Total:					208	614	

* Unified Commodity Nomenclature of Foreign Trade.

most 3. In other words, the assortment shifts influenced the average price index (having lowered it from 320.3 per cent when calculated with the quantities for 1970 to 112.1 per cent when calculated with the quantities for 1975): when calculated for the goods in Table 1 taken together, the average price index for the race-horses, which shows a much greater increase, obtains a much lower weight when calculated with the "weights" (quantities) for 1975. If not for the assortment shifts in 1975 the average price index would have gone up 3.2-fold, which would have increased the export currency effectiveness indicator for these goods in the ninth five-year period (1971-1975) accordingly. In the given case, however, the assortment shifts greatly lowered the average price index and, hence, this indicator.

Assortment shifts may also work towards an increase in foreign trade currency effectiveness indicators. In view of this the indexes of assortment shifts and of the geographical structure should hold an important place in the system of analytical indicators of foreign trade effectiveness.

In view of the foregoing the overall system of interconnection between individual factors influencing effectiveness indicators will be as follows:

$$\begin{array}{ccccccc}
 \text{Effectiveness} & & \text{Average price index} & & \text{Index of} & & \\
 \text{variation index} & = & \text{in "pure form"} & \times & \text{assortment shifts} & \times & \\
 & & \text{(without} & & & & \\
 & & \text{assortment shifts)} & & & & \\
 & & & & \text{Index reciprocal to} & \text{Commodity} & \text{Geog. structure} \\
 & & & & \text{the index of} & \text{structure index} & \text{index} \\
 & & & & \text{production costs} & \times & \\
 & & & & & & \times
 \end{array}$$

Identification of the quantitative influence of these factors will help broaden the system of economicostatistical indicators of Soviet foreign trade and thus improve it.

It will be recalled that the pattern of Soviet foreign trade, which reflects the achievements of our country in economic development, science and technology, is an indicator of the efficient expansion of this trade.

Improvement of the export pattern by increasing the proportion of goods needing an ever greater degree of industrial processing, above all plant and machinery, is an important way of increasing the effectiveness of Soviet foreign trade. In the Guidelines for the Economic and Social Development of the USSR for

1981-1985 and the Period Ending in 1990, reference is made to the need to "improve the structure of export, above all through increasing the production and deliveries of engineering and other finished products."⁸

In this connection the calculation and analysis of the pattern of Soviet foreign trade is of great importance for characterizing tendencies in the development of this important sector of the economy.

However, the existing methods of calculating the commodity structure in current prices alone fail to meet the growing demands on its analysis, especially in circumstances of the sharp aggravation in the 1970s of the monetary, raw material, energy and food problems of the capitalist economy attended by spiralling inflation and the unprecedentedly steep rise of world prices, primarily on fuel and energy materials.

The growth of world prices has a direct influence on the rise of prices in Soviet foreign trade. World prices for individual commodity groups grew very unevenly: in Soviet foreign trade quite sizeable is the proportion of goods whose world prices between 1971 and 1980 increased more than 15-fold, as well as those goods whose prices kept more or less constant.

That is the reason why the commodity structure calculated without regard for changes in current prices distorts the analysis of Soviet foreign trade. In economic literature and in practice, however, the commodity structure is commonly analyzed in current prices. Apart from the fact that this does not permit the actual dynamics of the foreign trade structure to be determined and, hence, its real effectiveness, calculating the commodity structure by the existing method gives a wrong picture of the country's export potentialities which may damage its trade and economic relations. To exclude the influence of prices on the correlation of individual commodity groups in the total value of exports and imports it is necessary to determine the proportion of individual goods and commodity groups in them not only in current prices but also in constant (comparable) prices.

If, for instance, we analyze the changes in the export pattern on the basis of current prices, we will see that the proportion of equipment and machinery in the total value of Soviet exports dropped from 21.5 per cent in 1970 down to 12.9 per cent in 1982, whereas the calculation of the commodity structure in constant prices gives a different result: the proportion of machines and equipment in Soviet exports increased and in 1982 amounted to 22.7 per cent. A similar tendency is ob-

served when analyzing the pattern of exports to socialist countries: the proportion of plant and machinery in current prices declined from 23.8 per cent in 1970 to 17.5 per cent in 1982, whereas in constant prices it went up to 28.4 per cent (see Table 2).

Using the said method for analyzing other commodity groups, we may conclude that the proportion of chemical products in Soviet exports in current prices in 1970 and 1982 was 3.5 per cent and 3.1 per cent respectively, while in comparable prices their proportion over the period under review rose from 3.5 per cent to 4.4 per cent. What is more, an increase in the proportion of the goods of this group in constant prices was recorded in our trade with both socialist and capitalist countries.

A similar regularity is seen regarding the proportion of industrial consumer goods in Soviet exports. In current prices the proportion of this group fell from 2.7 per cent in 1970 to 2.3 per cent in 1982, while in constant prices it rose from 2.7 per cent to 3.7 per cent respectively.

Owing to the sharp rise of prices on fuel, energy and raw materials (without food raw materials), their proportion in Soviet exports in current prices increased from 45.1 per cent in 1970 to 64.3 per cent in 1982. The influence of price increases (in constant prices) being excluded, the proportion of these commodity groups in Soviet exports over the same period declined from 45.1 per cent to 38.1 per cent. This tendency was manifest in our trade with socialist and capitalist countries.

Analysis of the commodity structure in constant (comparable) prices identifies the progressive tendencies occurring in Soviet exports over the 1971 to 1982 period: an increase in the proportion of finished products, first of all of machine building and chemical industries, which was accompanied by a decline in the proportion of raw materials. At the same time, the analysis of the commodity structure in current prices did not indicate such a possibility.

The aggregate value of export and import changes under the influence of an increase (decrease) in the physical volume of foreign trade, and price variations. The proportion of machines, equipment and transportation facilities between 1971 and 1982, when calculated in current prices, declined as a result of a faster growth of prices for exported goods from other groups, especially for raw materials and fuel. Whereas prices for all exported goods over this period increased 3.2-times on average, those for equipment and ma-

Table 2
(per cent)

Soviet Export Structure Between 1970 and 1982

Commodity groups	1970			1982					
	Total	To socialist countries	To capitalist countries	At current prices			At constant prices		
				Total	To socialist countries	To capitalist countries	Total	To socialist countries	To capitalist countries
Total	100	100	100	100	100	100	100	100	100
Machines, equipment and transportation facilities	21.5	23.8	17.2	12.9	17.5	7.4	22.7	28.4	14.1
Chemicals, fertilizers, rubber	3.5	4.3	2.0	3.1	3.7	2.5	4.4	5.3	2.9
Industrial consumer goods	2.7	2.9	2.6	1.9	2.3	1.4	3.7	4.5	2.4
Fuel, energy and raw materials (without food raw materials)	45.1	46.1	43.0	64.3	64.3	64.2	38.1	42.2	31.4

chinery registered only a 1.8-increase. In accordance with this price correlation, the proportion of machines, equipment and transportation facilities in 1982 should have declined 9.8 per cent as compared with 1970. Over the reviewed period, however, the outstripping rates of increase in the physical volume of export of goods in this group (183 per cent) as compared with the growth rates of physical volume of total exports (173 per cent) should have raised the proportion of machines, equipment and transportation facilities in the USSR's exports in 1982 (in constant prices) by 1.2 per cent compared with 1970. As a result of the influence of these two mentioned factors, the proportion of machinery, equipment and transportation facilities in the USSR's exports in 1982 dropped by 8.6 per cent compared to 1970 and made up 12.9 per cent.

This analysis can be continued by using the data in Table 2.

Table 3

Influence of the correlation of growth rates of prices and physical volume of goods of individual groups and total Soviet exports in 1982 (relative to 1970) on the proportion of these groups in the USSR's exports
(per cent)

Commodity group	Proportion variations in current prices	Including those due to the relation of:	
		growth rates of prices	growth rates of phys. vol.
Machines, equipment and transportation facilities	- 8.6	- 9.8	+ 1.2
Chemical products, fertilizers, rubber	- 0.4	- 1.3	+ 0.9
Industrial consumer goods	- 0.9	- 1.9	+ 1.0
Fuel, energy items and raw materials (without food raw materials)	+ 19.2	+ 26.2	- 7.0

Note: The "+" sign means a more rapid growth of prices and physical volume of individual commodity groups compared to the country's total exports responsible for their growing proportion. The "-" sign means outstripping growth rates of prices and physical volume of the country's total exports compared to the growth rates of individual commodity groups thus reducing their proportion.

The foregoing confirm the need to include in the system of Soviet foreign trade effectiveness indicators the calculation of the commodity structure in constant prices for which there is now every possibility.

To our mind, among the important indicators cha-

racterizing the effectiveness of the Soviet foreign trade turnover we may also include the index of "trading terms" which is the ratio of the average export price index to the average import price index. With the steep and erratic growth of world prices on certain goods it is particularly important to elaborate this indicator so as to reveal the basic proportions in the correlation of export and import prices in the country's trade. In the past five-year period the "trading terms" index was on the whole favourable to the USSR and equalled 130 per cent, i.e., the growth of average export prices was 30 per cent faster than that of average import prices.

In our trade with the socialist countries this indicator over the period under review was 115 per cent, and with the capitalist countries—154 per cent.

The "trading terms" index for the entire trade turnover depends, first, on the pattern of trade and, second, on the level of prices in our trade with individual countries and groups of countries. That is why when calculating price levels in our trade with individual countries and groups of countries it is advisable, along with the ascertainment of "trading terms" indexes, to determine the indexes of export and import price levels (price correlations) and, in particular, price correlations in our trade with the CMEA member-states with which the USSR exchanges goods at more favourable prices than those in its trade with the capitalist countries.⁹

Trading terms indexes as well as price correlation indexes calculated additionally should also be used when analyzing foreign trade effectiveness indicators.

Further improvement of economic statistical methods for analyzing exports and imports will be conducive to the Soviet foreign trade's effectiveness increase.

¹ The 26th Congress of the Communist Party of the Soviet Union. *Documents and Resolutions*, Novosti Press Agency Publishing House, Moscow, 1981, p. 139.

² In current prices.

³ G.M. Tuchkin, *The Economic Effectiveness of Foreign Trade*, Moscow, International Relations Publishers, 1969; O.K. Rybakov, *The Economic Effectiveness of the USSR's Cooperation with Socialist Countries*, Moscow, Mysl Publishers, 1975; S.N. Zakharov, *Calculation of the Effectiveness of External Economic Ties*, Moscow, Ekonomika Publishers, 1975 (all in Russian).

⁴ By the investment pay-off period we imply the period of time during which the additional investments will be recouped by a reduction in the cost of output, that is to say:

$$T = \frac{I_{ad}}{C_1 - C_2}, \text{ where} \quad (4)$$

I_{ad} - additional investments; C_1 - the cost of output prior to making additional investments; C_2 - the cost of output after additional investments are made.

³ O.K. Rybakov, *Op. cit.*, p. 66.

⁴ The methods for determining the influence of these factors on foreign trade currency effectiveness indicators are set out by the author in the *Vestnik statistiki* journal, No. 6, 1983, pp. 46-48.

⁵ The methods for determining the geographical structure index are described by the author in the *Foreign Trade* magazine, No. 3, 1981, pp. 31-33.

⁶ *The 26th Congress of the Communist Party of the Soviet Union. Documents and Resolutions*, Novosti Press Agency Publishing House, Moscow, 1981, p. 236.

⁷ For more detail, see the *Vestnik statistiki* journal, No. 6, 1983, p. 49.

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ARTICLES DETAIL SOVIET-AUSTRIAN ECONOMIC, TECHNICAL COOPERATION

Trade Contracts, Meetings

Moscow FOREIGN TRADE in English No 2, Feb 84 pp 28-31

[Article by Aratoly Počkopayev, executive secretary of the Soviet part of the Joint Soviet-Austrian Commission on Economic, Scientific and Technical Cooperation entitled: "USSR-Austria: Mutually Beneficial Cooperation"]

[Text]

Austria has an important place in the Soviet Union's economic cooperation with Western countries. The two countries' economic ties were positively evaluated in the course of discussion between N.A. Tikhonov, Chairman of the USSR Council of Ministers, and N. Steger, Vice-Chancellor, Federal Minister of Trade, Commerce and Industry of Austria, who visited Moscow, October 1983, on the occasion of the 15th Session of the Joint USSR-Austrian Commission on Economic, Scientific and Technical Cooperation. During the discussion, at which N.S. Patolichev, USSR Foreign Trade Minister, was also present it was pointed out that there were favourable perspectives for expanding the two countries' fruitful cooperation. In line with the Long-Term Programme for the Development and Deepening of Economic, Scientific, Technical and Industrial Cooperation for 1981-1990 a number of joint projects can be realized which will further deepen trade and economic relations between both countries.

At this regular 15th Session the Joint Commission discussed the state and trends of development of the two countries' trade and economic relations.

A wide range of pressing questions of business cooperation between the two countries was considered, among which were: implementation of the Long-Term Programme for the Development and Deepening of Economic, Scientific, Technical and Industrial Cooperation for 1981-1990; activity of the Working Groups on machinery and equipment, and on agriculture; cooperation in civil engineering and building materials; work of the

Liaison Committee between the USSR Chamber of Commerce and Industry and Austria's Federal Economic Chamber.

The sides pointed out with satisfaction that the agreements and understandings on trade and economy existing between the two countries were being successfully realized.

The participants of the Session stressed that Soviet organizations and Austrian firms had carried out much work expanding and deepening trade and economic ties. Special stress is given to trade—the main form of the two countries' cooperation, in which diverse

types of business cooperation between Soviet organizations and Austrian firms are materially implemented. Over the last two and a half years the Soviet-Austrian trade turnover reached the same level as that of the previous five-year period.

In 1982 the trade turnover amounted to 1,210 million rubles against 1,361 million rubles in 1981, i.e. an 11 per cent decline due to the reduction in purchases of Soviet power carriers by Austria and also because of price cuts for the given group of goods on the world market. At the same time the deliveries of Austrian machinery and equipment, pipes, clothing, foodstuffs to the USSR increased.

As a result in 1982 Austria's deficit in the USSR's trade balance was reduced more than twice as compared to 1981. Owing to this the Soviet side drew the Austrian delegation's attention to the fact that mutual trade must not be balanced at the expense of the reduction of purchases of Soviet goods by Austria.

Over 80 per cent of Soviet export to Austria falls to power carriers (natural gas, oil and petroleum products). Important export items include also chemical goods, aluminium wastes, cotton, cellulose and iron ore. A growth in the deliveries of cars, metal-cutting machine tools, pressing and forging equipment, roller bearings, carpets, household and recreational goods was observed.

The major items of USSR import from Austria are: ferrous rolled stock and metal products, machinery, equipment, transport facilities, industrial consumer goods, and chemical products.

Over recent years the USSR considerably increased the import of machinery and equipment from Austria. In 1981 and 1982 their deliveries were worth 260 million rubles (more than 6,000 million Austrian schillings), and between 1983 and 1985 this figure is to reach 600 million rubles (over 14,000 million Austrian schillings). Talks are continued on the placing of new Soviet orders in Austria, including those for machinery, equipment and transport facilities.

The USSR increased annual deliveries of natural gas (from 2,600 million up to 4,100 million cu.m.) to Austria beginning in 1984 will substantially promote the further development of the two countries' business relations. The signing of a long-term contract on electric power exchange from 1985 was another stage expanding Soviet-Austrian cooperation.

Present Soviet-Austrian economic ties have already reached a high level in their development; business relations between Soviet organizations and Austrian firms are being realized mainly on a long-term basis which witnesses reliability of trade ties and both sides' concern for their improvement. On a long-term basis the USSR supplies natural gas, iron ore and chemical products to Austria, and Austria delivers skelp (steel sheet for manufacturing large-diameter pipes), cold-rolled structural steel sheet, a range of oil pipes and chemical products to the USSR.

The signing in 1982 of a number of large contracts, for instance, with the firm Haid on delivery of machine-tool equipment in 1983 and 1984, with the firm Österreichische Schiffswerften A.G. Linz-

Korneuburg on construction of three hydraulic excavators, four passenger river vessels for the USSR and other ships with their delivery between 1983 and 1985 will help maintain the employment figure in the Austrian economy and involve, along with large firms, medium and small ones in economic cooperation with the USSR. According to many representatives of Austrian business circles, trade with the Soviet Union is a positive factor overcoming negative features on the world market.

Having discussed the matters of development of the two countries' trade the Joint Commission pointed out that the mutual trade turnover in 1983 would exceed that of 1982. The Commission recommended that the countries should continue their searches to find projects and possibilities for establishing compensation-based cooperation with account not only of raw material and semi-finished products but also the manufacturing industry. The sides expressed their readiness in principle to promote the expansion of trade on a balanced basis, agreed to constantly enrich the accumulated experience of interaction and cooperation with new practices for the benefit of the two countries' economies.

The Commission heard the two sides' account on the "turn-key" construction of the Zhlobin iron-and-steel plant (designed capacity 500,000 tons of rolled products and 200,000 tons of billets per year) and expressed satisfaction on this score. The plant is to be commissioned in 1984. The Austrian side expressed interest in furthering cooperation in this sphere.

The Session noted successful

fulfilment of the agreement of March 21, 1980, on the terms of crediting Austrian goods export to the USSR and underlined the importance of this agreement for increasing the Austrian goods competitiveness on the Soviet market and for the import growth of machinery and equipment from Austria.

Both sides were satisfied with the understanding on further crediting Austrian exports to the USSR reached on the eve of the Session.

In the period between the 14th and 15th Sessions the work on establishing cooperation on the basis of industrial cooperation, for example in the machine-tool industry, in production of paper-making equipment and welding machines, continued. Cooperation in manufacturing metallurgical equipment, including that based on "know-how" and licence transfer, is being realized. Talks are still under way on a number of projects, in particular, on the manufacture of heading and tunnelling machines, looms, machinery and equipment for agriculture and forestry, polyurethane tyres and soles, on construction of non-standard goods-passenger lifts, etc. The Commission hoped that these talks would give positive results and expand economic relations.

In this connection both sides unanimously approved the activity of the Working Group on Machinery and Equipment. The Commission recommended that it should render constant help to both countries' firms and organizations in developing industrial cooperation and constructing industrial projects in the USSR, Austria and third countries.

During the inter-session period the two countries' transport organizations did much to improve to the shipment of their mutual foreign trade cargoes. The Joint Commission recommended that this work, aimed at perfecting the Soviet-Austrian trade transport system be continued.

The Commission gave a positive evaluation to the efforts made to fulfil the Long-Term Programme for the Development and Deepening of Economic, Scientific, Technical and Industrial Cooperation between the USSR and Austria for 1981-1990, of January 19, 1981. It was recognized that the Measures for 1981-1983 for the realization of the long-term programme of cooperation adopted at the 13th Session of the Joint Commission had been basically fulfilled. Thanks to this it was possible to carry out work on expanding both countries' mutually beneficial trade and economic relations in the current five-year-plan period and on drawing new organizations and firms in the sphere of economic cooperation more purposefully and efficiently. Taking the above into account the Session considered and adopted the Measures of the Commission for 1983-1985 prepared by Soviet and Austrian experts. These Measures the realization of which has begun included both the Soviet and Austrian proposals of mutual interest for developing economic cooperation. The question is, in particular, about the possible participation of Austrian firms in implementing the USSR Food Programme, developing new gas and oil-fields and furthering mutually beneficial cooperation in such traditional spheres as mechanical en-

gineering, chemistry, secondary raw material processing and the light industry. The possibilities of compensation-based cooperation in reconstructing or modernizing existing enterprises, constructing pulp-and-paper enterprises, and in establishing cooperative ties in the manufacturing and marketing of products of the machine-tool industry, lifting-and-conveying machines, equipment for the food industry and other types of industrial products are to be studied.

The list of major goods which could be bought or sold in 1983-1985 was also adopted. This list includes a wider range of goods than the previous one.

Cooperation in designing and constructing industrial, power engineering and other projects in third countries is of practical importance. Thus, the Soviet foreign trade association Atomenergoexport involved the firms Transex, Schoeller Pharma and Austriasch-rift into goods deliveries to Libya (the Tajura Centre of Atomic Research). These firms equipped the infrastructure of a computer centre and supplied visual information facilities.

At present, in the opinion of the Soviet side, the cooperation volume with Austrian firms in third countries is not adequate or in line with its potentialities. Draft projects concerning the participation of Soviet organizations and Austrian firms in constructing various projects in Algeria, Libya, Nigeria, Turkey and other countries are under study.

The Commission recommended that the corresponding organizations and firms in the two

countries make cooperation in third countries more active and constantly search for new cooperative projects.

Scientific and technical ties promote Soviet-Austrian economic cooperation.

At present the USSR State Committee for Science and Technology jointly with ministries and departments has business contacts with more than 50 Austrian firms, with 16 of them long-term agreements on scientific and technical cooperation were concluded. These agreements envisage exchange of scientific and technical information and documentation, organization of symposia, seminars and technical exhibitions, exchange of specialist delegations, joint experiments, tests of specimens of raw materials and new type products. All this, as the Session pointed out, gave positive results in cooperation in ferrous metallurgy, engineering, chemical and food industries, in civil engineering, power engineering and agriculture. In particular, jointly with the firm VOEST-Alpine a technology of manufacturing steel with a stable low content of silicon, nitrogen, sulphur and phosphorus was designed due to which the quality of steel was improved. On a cooperation basis with the firm Plasser & Theurer machines for building, operating and maintenance of railway tracks are being designed and improved. An agreement on scientific and technical cooperation in manufacturing refractory materials and designing and improving the relevant equipment was signed with the firm Veitscher Magnesit-Werke in May 1983.

The USSR Food Programme now being implemented, has opened new possibilities of cooperation in agriculture and adjacent sectors, for example, in the engineering industry and chemistry. In 1982 a symposium on selection technology with demonstration of machines in operation was held in Odessa, sponsored by the All-Union Selection and Genetics Institute with participation of Austrian firms. In March 1983 a symposium on problems of Alpine farming and small-size machinery for developing Alpine slopes was organized in which ten Austrian firms participated. Of great interest for Soviet specialists was Austria's Agrofood Machinery symposium held in Moscow, from September 26 to October 6, 1983. Representatives from 50 Austrian firms delivered over 60 reports on agricultural machinery and technology and equipment for the food industry.

The Measures for 1983-1985 for realizing the long-term programme considerably expanded the scope of scientific and technical cooperation; six symposia are planned.

The Session heard information on cooperation in the agro-industrial sphere and noted the positive results reached by the working group on agriculture which is called now the working group on the agro-industrial complex.

It was pointed out that the USSR and Austria are mutually interested in cooperation in this new field as it can become one of the promising trends in Soviet-Austrian economic relations.

Recently, especially after the

14th Session of the Joint Soviet-Austrian Commission (September 1982) activation of business relations between the Soviet Union's building organizations and Austria's firms was observed. A number of mutually advantageous trade transactions with Austrian firms on the delivery of building materials and equipment to the USSR was concluded. The USSR Ministry of Building Materials successfully cooperates with the firm Voith, from which it bought 12 production lines for manufacturing asbestos-cement pipes and 7 lines manufacturing slate. Joint work on improving equipment and technology of asbestos-cement pipes manufacture is planned.

At the Session the two sides once more confirmed their interest in establishing scientific and technical cooperation in civil engineering and building materials when they could carry out joint experimental, research and design work, exchange scientific and technical information on building norms, standards and results of research as well as discuss questions on industrial cooperation in manufacturing and equipment for various construction work.

The Commission adopted a decision on setting up a relevant working group.

As before the Liaison Committee between the USSR Chamber of Commerce and Industry and the Federal Economic Chamber of Austria plays an important role in expanding and deepening business contacts between the two countries' organizations and firms. The Commission stressed that in the period between Sessions both Chambers have done much to help Soviet organizations and Austrian

firms, especially medium and small ones, to establish and expand contacts through organizing exhibitions, seminars and other informative measures promoting the exchange of commercial and economic information, exchange of business circles' delegations, etc. Thus, in March 1983 a delegation of business circles from Styria, leader G. Fuchs, Minister of Economy of that province, visited Moscow and Kiev. The delegation included representatives from 18 firms specializing in manufacturing equipment for the agricultural, chemical and light industries. These and other similar undertakings made it possible to specify mutual capabilities and needs and establish useful business contacts.

In 1983 over 80 Austrian firms participated in 14 international exhibitions held in the USSR. Austria's participation was most representative in such exhibitions as Avtomatizatsia, Inpoligraph-mash and Neftegas. Of special interest for Soviet specialists was Austrian exposition at the exhibition of equipment for anticorrosive coating in the course of which contracts worth about five million rubles were concluded with Austrian firms.

The Days of Business Meetings organized by the Representation of the USSR Chamber of Commerce and Industry jointly with the Trade Representation of the USSR in Austria in which more than 35 small and medium Austrian firms participated were successfully held in Linz. The Soviet Union was represented by an exposition put on by a number of foreign trade organizations at the 118th Vienna International Fair (September 1983) which was of increased interest for

visitors, and Austrian official and business circles.

The Joint Commission recommended the Liaison Committee to continue its activity promoting the fulfilment of Soviet-Austrian agreements and understandings, primarily the long-term programme of cooperation, dated January 19, 1981, and also realization of the Measures of the Joint Commission for 1983-1985.

A remarkable feature of the 15th Session of the Joint Commission was the wide participation in it of representatives of not only official but also both countries' business circles. Over 30 executives of Austrian firms, banks, enterprise owners' unions and chambers and 17 general directors of Soviet foreign trade associations actively participated in the work of the Session.

This composition of the two delegations made it possible to discuss in detail a number of specific matters pertinent to Soviet-Austrian business cooperation.

Both sides expressed broad satisfaction with the state of trade and economic relations and were sure that the existing intergovernmental agreements as well as long-term programmes and measures elaborated and adopted on their basis create good prerequisites for expanding and intensifying these relations.

Under the aggravated international situation the expansion of trade, economic, scientific, technical and industrial cooperation between the USSR and Austria convincingly witnesses the importance and usefulness of diverse relations between states with different social systems.

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Soviet-Austrian Technical Cooperation

LD211621 Moscow TASS in English 1539 GMT 21 Feb 84

[Text] Moscow, 21 Feb (TASS)—TASS economic correspondent Nikolay Komarov writes:

Over the past decade a solid structure of trade, industrial and scientific-technical relations was created by the joint efforts of the Soviet Union and Austria. These relations reliably serve the interests of the two countries.

The leaders of the USSR and Austria have repeatedly stressed that Soviet-Austrian cooperation permeated with mutual respect and trust has become a substantial factor in the life of the European continent, and that it serves as an example of fruitful relations between countries with different socio-economic systems.

The many-sided cooperation increasingly spreads to the fields of science and technology. Scientists and experts pool their efforts to solve tasks which ensure concrete results for the economy of the two countries.

Working groups covering such fields as industry and agriculture, patents and standardization, construction and forestry management function within the framework of the inter-governmental commission for cooperation.

Soviet organizations maintain permanent contacts in the field of science and technology with more than fifty Austrian firms. Long-term agreements envisaging a permanent exchange of delegations, the holding of symposia, and joint research programs have been concluded with sixteen of them.

Among the concrete results of this cooperation in the development jointly with the "Voest Alpina" firm of a technology for producing steel of stable high quality; with the "Plasser und Theurer" firm, technology for the perfection of machines and for the construction, operation and maintenance of railway tracks; and with the "Dragoco" firm, technology for the creation of fragrant additives for foods.

The implementation of the large-scale food program of the USSR opens new possibilities for cooperation in the field of agriculture, and in the fields of machine-building and chemical industry connected with agriculture.

Cooperation also widens in the field of basic sciences between the Academies of Sciences of the USSR and Austria. Joint research and developments are carried out. Scientists and information in the field of science and technology are exchanged. Last year, the Academy of Sciences of the USSR hosted ten Austrian scientists, while six Soviet scientists visited Austria.

Scientific contacts continue developing in the field of outer space exploration. Joint rocket and aerostat experiments as well as experiments for measuring the magnetic fields are made. The results of the experiments are published in joint articles. The inter-governmental agreement on cooperation in the field of health protection signed between the two countries has given a fresh impetus to the development of contacts between the medical men of the two countries.

River Liner to USSR

PM171626 Moscow PRAVDA in Russian 3 Feb 84 First Edition p 1

[Own correspondent B. Orekhov report: "Soviet Flag Raised"]

[Text] Korneuburg, 2 Feb--The dull overcast February weather could not dampen the elation of the Korneuburg shipbuilders. A passenger river liner constructed at the Korneuburg yard was ceremonially handed over to the Soviet Union here today.

On 31 July 1982 the nationalized Austrian shipbuilding company OSWAG concluded a contract with Sudoimport for the construction of three major passenger vessels. Two months later the order was increased by another ship. Today in Korneuburg the Soviet flag was raised on the "Sergey Yesenin"--the first of the four vessels. Two days before at the Linz yard, also OSWAG-owned, the Soviet flag was raised on another ship, named "Balkhash."

TRADE WITH LDC'S

SOVIET-LIBYAN COOPERATION IN ENERGY, AGRICULTURE SUMMARIZED

Moscow FOREIGN TRADE in English No 2, Feb 84 pp 46

[Article by D. Murashko: "Soviet-Libyan Economic and Technical Cooperation"]

[Text]

Libya holds an important place in the Soviet Union's foreign economic relations with Arab countries. The mutually advantageous economic and technical cooperation with the USSR is of great significance for Libya as it has set the task of creating a modern multisector economy. Despite the fact that this cooperation has been in practical operation for only a short period (the two countries signed the agreement on economic and technical cooperation in 1972) a stable pattern of economic ties has formed in such branches as power-generation, oil and gas, metallurgy and agriculture.

Regular contacts of both countries' leaders play a considerable part in strengthening foreign economic relations between the USSR and Libya. Main directions and projects for Soviet-Libyan economic and technical cooperation were concretely defined during the visit to the USSR in 1981 of Colonel Muammar Gaddafi, leader of the Libyan revolution, and the visits of A.S. Jalloud, a member of the Libyan revolutionary leadership, in 1981, 1982, and 1983.

At present Soviet and Libyan organizations are fruitfully cooperating in such an important and perspective field as the use of atomic energy for peaceful purposes. Thirty kilometres from Tripoli Soviet organizations built on a "turn-key" basis the Tagiura research centre comprising a research reactor, the Tokamak installation, a fundamental particle accelerator, and a radioactive isotope laboratory. The centre, the largest of its kind in the Arab countries, has become a real smithy producing Libya's national specialists.

Two 220 KV power transmission lines (total length 190 km), built with Soviet assistance and commissioned in 1980, increased the total length of Libyan high voltage power transmission lines 14 per cent.

It should be pointed out that the construction of these power transmission lines as well as of others of total length about 460 kilometres, now being built by Soviet organizations, is part of the Scheme for the Development of High-

Voltage Electric Lines for Creating Libya's Unified Electric Energy System by 1995 which Soviet specialists developed. The Scheme recommendations in addition to being used in Libya's power industry development plans, underlay the further development of cooperation in this field.

The General Scheme for the comprehensive development of Libya's gas industry up to the year 2000 was another project worked out by Soviet specialists. In accordance with this General Scheme the construction of the Soviet-assisted Marsa-el Brega-Misureta 570-kilometre-long gas pipeline is nearing completion. When commissioned the gas pipeline will solve the problem of providing an iron-and-steel works and a few chemical factories with gas projects contained in Libya's economic development plan.

Cooperation is a success in such a vital branch for Libya's economy as the oil industry. Oil or, to be more exact, the receipts from it, play a decisive role in developing the country's economy, that is why Libyan organizations choose partners they can trust. Since 1979 Soviet oil workers have been drilling for oil at the Sarire deposit in the Libyan desert. The Libyan side has highly appraised the results of their activity, and despite the present conditions of reduced operational drilling volumes Soviet teams continue their work.

Metallurgy also offers wide opportunities for cooperation. Soviet organizations had worked out and in 1981 handed over to the Libyan side the technical and economic substantiations for the construction of the second stage of the Misureta steel works (capacity five million tons a year). This will use the vast iron ore resources of the Wadi Shatty in the south of Libya. The next stage of cooperation in this project is the technical design of it by Soviet organizations.

Libya attaches great attention to agriculture, the task is to assure the country's self-sufficiency in farm produce. However, accomplishment of this task is hampered because of the shortage of lands suitable for cultivation. In this connection the soil-and-ecological researches carried out by Soviet scientists on an area of 3.5 million hectares, which resulted in drawing soil maps, are of certain value for the Libyan side.

Soviet-Libyan cooperation is progressing in other fields as well: geology, health care, specialist training, etc.

Cooperation between the USSR and Libya is acquiring an ever more planned character, making it possible to more precisely take into account both countries' possibilities and needs. Of paramount importance here will be the elaboration of a long-term comprehensive programme of economic and technical cooperation founded on the projects and directions of cooperation which have already been coordinated by the parties, and also projects which are envisaged in the schemes of development worked out by Soviet organizations for a number of Libyan economic sectors.

The Soviet-Libyan Intergovernmental Commission for

the development of economic, scientific and technical cooperation as well as trade is an effective instrument, regulating interrelations between Soviet and Libyan foreign trade organizations and assuring implementation of the sides' obligations under intergovernmental documents and contracts. The Commission holds its sessions annually and sub-commissions and working groups have their meetings during the inter-sessional periods. The Commission's previous, ninth session was held in Tripoli last October where it considered a wide range of questions (both current and future) concerning economic and technical cooperation. The understandings reached provide, in particular, for the further expanding of cooperation in the oil and chemical industries, transport, communications, agriculture. The sides coordinated time-limits for negotiations on contracts regarding new projects such as the Marada chlorine-magnesium complex, a nitrogen fertilizer-producing complex in Sirte, a number of agricultural projects and others.

The Commission's next, tenth, session will be held in Moscow in 1984.

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TRADE WITH LDC'S

SOVIET-VIETNAMESE COOPERATION IN ELECTRICAL POWER, BRIDGE BUILDING

Moscow FOREIGN TRADE in English No 2, Feb 84 pp 48

[Text]

VIETNAM

Electrical power engineering has a leading place in Soviet-Vietnamese economic and technical cooperation.

The Soviet Union helped Vietnam build the Thac Ba hydroelectric power station (120,000 kW), Uong Bi thermal power station (153,000 kW), some electric power stations of smaller capacities, a number of electric power transmission lines with sub-stations.

At present an integrated hydroscheme (capacity about two million kW) on the Da (Black) river, the largest in the South-East Asia, and the Pha Lai 660,000 kW thermal power plant are under construction.

Last October witnessed the commissioning of the Pha Lai thermal power plant's first power unit (capacity 110,000 kW). A Soviet Party and government delegation led by G.A. Aliyev, member of the CPSU Central Committee's Political Bureau, First Deputy Chairman of the Council of Ministers of the USSR, took part in the commissioning ceremony at this thermal power station which will be Vietnam's largest.

Speaking at the Vietnamese-Soviet friendship meeting, Pham Khai, Minister of Power of the SRV, and Pham Ngoc Tuong, Minister of Construction, warmly thanked the Communist Party of the Soviet Union, the USSR Government and Soviet people for the multilateral assistance rendered to Vietnam in developing its economy and in creating the material and technical base of socialism.

October 31, 1983, saw the ceremonial opening of the Thang Long bridge linking the Red River's northern and southern banks (Hanoi). This unique two-tier 5.5-kilometre-long structure was built with Soviet assistance.

The opening ceremony was attended by G.A. Aliyev, and Dong Sy Nguyen, candidate-member of the Communist Party of Vietnam Central Committee's Political Bureau, Deputy Chairman of the Council of Ministers, Minister of Transport and Railways of the Socialist Republic of Vietnam, who unveiled a memorial plaque with the inscription "Thang Long Bridge—a symbol of Soviet-Vietnamese friendship."

Addressing the Vietnamese and Soviet bridge builders, G.A. Aliyev congratulated them on their work and stressed the great importance the new bridge has for Vietnam's economy.

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TRADE WITH LDC'S

TEXT OF SOVIET-VIETNAMESE OCTOBER 1983 COOPERATION AGREEMENT

Moscow FOREIGN TRADE in English No 2, Feb 84 pp 52-54

[Text]

Long-Term Programme for the Development of Economic, Scientific and Technical Cooperation Between the Union of Soviet Socialist Republics and the Socialist Republic of Vietnam

The Government of the Union of Soviet Socialist Republics and the Government of the Socialist Republic of Vietnam,

proceeding from the provisions of the Treaty on Friendship and Cooperation Between the Union of Soviet Socialist Republics and the Socialist Republic of Vietnam of November 3, 1976, and guided by the principles underlying the further development of Soviet-Vietnamese relations set forth during meetings between Yu.V. Andropov, General Secretary of the Central Committee of the Communist Party of the Soviet Union and Chairman of the USSR Supreme Soviet Presidium, and Le Duan, General Secretary of the Central Committee of the Communist Party of Vietnam,

confirming that Soviet-Vietnamese cooperation is invariably founded on the principles of socialist internationalism, respect of state sovereignty, independence and national interests, non-interference in internal affairs, complete equality, mutual benefit and comradely mutual assistance,

guided by the need steadily to advance the national economies of both countries and to heighten on this basis the well-being of the working people,

voicing firm resolve to continue to expand and deepen many-sided economic, scientific and technical cooperation between the USSR and the SRV and to impart to this cooperation a long-term and stable character,

seeking to contribute to the realization of the tasks advanced at the present stage by the CMEA member-countries in the sphere of multilateral cooperation and to heighten the degree of the participation of the SRV in socialist economic integration,

convinced that all-round fraternal cooperation between the two states serves the cause of building socialism and communism and helps to strengthen peace and lessen international tension,

basing themselves on the Agreement Between the Union of Soviet Socialist Republics and the Socialist Republic of Vietnam on the Further Development and Deepening of Economic, Scientific and Technical Cooperation concluded on November 3, 1978,

have agreed the present Long-Term Programme for the Development of Economic, Scientific and Technical Cooperation Between the Union of Soviet Socialist Republics and the Socialist Republic of Vietnam.

I. Basic Results of Cooperation

The Soviet-Vietnamese economic, scientific and technical ties are characterized by a steady growth in scale and the expansion of the range of the branches of the national economy encompassed.

The volume of the technical assistance rendered the SRV by the Soviet Union in the construction and reconstruction of economic installations is growing from year to year. More than 200 restoration, reconstruction or construction projects have been carried out in Vietnam with the assistance of the USSR, among them the Thac Ba Hydroelectric Power Station, the Uong Bi Thermal Electric Power Station, projects in the coal industry, the Hanoi Engineering Factory, a superphosphate plant in Lam Thao, the Bim Son Cement Works, the port of Haiphong, a space communication ground station, state farms growing vegetables, fruit and some tropical crops, a number of food industry enterprises, the Hanoi Polytechnical Institute, scientific research institutes, and educational, vocational training, cultural and health service establishments.

In 1981-1985 the volume of Soviet technical assistance to Vietnam is to more than double as compared with the previous five-year period. The designing, construction or reconstruction is now under way with the assistance of the Soviet Union of such important projects in key branches of the economy of the SRV as the Hoa Binh hydrotechnical development, the Pha Lai Thermal Electric Power Station, the Tri An Hydroelectric Power Station, coal mines and open-cut workings, the Lao Cai Apatite Mine, machinery repair works, a tin works, the Thang Long Bridge across the Red River, a prefabricated housing factory, and some other installations.

Trade between the USSR and the SRV is growing at a rapid rate and is to be roughly trebled in the present five-year period as compared with 1976-1980. The Soviet Union supplies raw and other materials: petroleum pro-

ducts, mineral fertilizers, rolled metal, machines and other equipment of vital importance for the economy of the SRV. Food supplies are also provided. In turn, the USSR receives from the SRV a wide range of agricultural products: natural rubber, tea, coffee, fresh and preserved vegetables and fruits, consumer goods made of local and Soviet-supplied raw materials, and art crafts items.

The role of Soviet-Vietnamese scientific and technical cooperation is growing. Scientific programmes with a close bearing on the requirements of the SRV economy are being drawn up and an up-to-date material and technical base for scientific research is being created in Vietnam by joint efforts. Joint research projects have been launched on a number of scientific themes of mutual interest.

Cooperation has been developed further in the training of Vietnamese skilled personnel, including the training of Vietnamese citizens at educational establishments, enterprises and construction sites in the USSR.

The expansion of the scale and scope of Soviet-Vietnamese economic, trade, scientific and technical ties is accompanied by the further improvement of the forms of cooperation already practised and the introduction of new ones.

An important milestone in Soviet-Vietnamese cooperation was the founding of a Joint Enterprise for the prospecting and extraction of oil and gas on the continental shelf in the south of Vietnam, which is of strategic significance for the development of Vietnam's economy.

Promising prospects are offered by cooperation in the processing at Vietnamese enterprises of Soviet-supplied raw materials.

The General Outline for the development and distribution of the production forces of the SRV up to the year 2000, which is now being drawn up with the participation of Soviet specialists, is to provide a scientific foundation for Vietnam's long-term programmes of economic and social development.

An ever broader and fruitful character is being acquired by exchange of experience in the building of socialism.

USSR-SRV ties are becoming increasingly systematic and are being channelled onto long-term lines. A highly important means of linking together the programmes being effected by the two countries is the coordination of the state plans of the USSR and the SRV, consultations on long-term development strategy, and agreeing of economic policy.

The effectiveness of cooperation is heightened by the activities of the Intergovernmental Soviet-Vietnamese Commission on Economic, Scientific and Technical Cooperation, which regularly examines the fulfilment by the Sides of their commitments.

The relations of a new type that have taken shape between the USSR and the SRV have become a decisive factor of the growth of Vietnam's economic

potential. On the basis of cooperation with the Soviet Union and other countries of the socialist community, the SRV has been able to overcome the consequences of foreign aggression, to restore its war-wrecked economy, to stand up to the pressure exerted by the forces of imperialism and hegemonism, to embark on the creation of the foundations of the material and technical base of socialism, and to create the preconditions for improving the life of the working people. The further expansion and deepening of the economic ties between the USSR and the SRV accord with the fundamental interests of the Soviet and Vietnamese peoples.

II. Main Areas of Long-Term Cooperation

Proceeding from the task of creating the material and technical base of socialism facing the people of Vietnam, the task of gradually transforming Vietnam into a socialist state with developed industry and agriculture, advanced science, technology and culture, and of raising the living standards of the working people on this basis, the Sides have found it essential to develop and deepen their economic, scientific and technical cooperation and steadily to heighten the effectiveness of this cooperation, and to this end have agreed:

- to work closer together in the leading branches of the economy, primarily in agriculture, the fuel and energy branches of industry, including geological prospecting, the extraction and processing of oil and gas, and the development of transport and communications;

- to continue cooperation in the shaping of the basic branches of the engineering and metalworking, chemical and building materials industries;

- to develop contacts in the training of national personnel in the spheres of culture, education and public health;

- to create the conditions needed for the accelerated development of science and technology in the SRV through wider participation of Soviet organizations in the research conducted, transfer of technical documentation, scientific information and research findings, the supply of Vietnamese institutes and laboratories with the equipment and materials needed, the sending to Vietnam of Soviet specialists and of Vietnamese citizens to the USSR. To deepen cooperation in joint researches of interest to both sides;

- to promote in the SRV, with the assistance of the Soviet Union the production for export, taking into account the requirements of the economy of the USSR and in order to create the conditions needed for economic cooperation on a balanced basis;

- to continue work to establish joint enterprises as a new form of cooperation, making it possible to accelerate the development of the economy of the SRV and the training of highly skilled local personnel;

- to expand cooperation on a mutually beneficial

compensation basis, and in some cases to work out jointly comprehensive programmes for this purpose;

to develop cooperation in the processing in Vietnam of Soviet-supplied raw materials;

to expand trade along the lines of cooperative and internal trade organizations, and to practise additional goods exchange operations along the lines of foreign trade organizations;

to search for ways and means of expanding trade on a long-term basis in conformity with the export potential and import requirements of both countries, and to improve the existing forms of trade and economic cooperation in general;

to improve interaction between the planning and economic agencies of both countries so as to impart a regular, comprehensive and integrated character to the tackling of the tasks involved in the implementation of the agreed programmes for the development and deepening of cooperation;

to take the necessary measures to ensure the fuller utilization of the production potential created in the SRV, the concentration of the existing funds and resources on the construction of top-priority projects in the key branches of the Vietnamese economy. Moreover, the comprehensive solution is envisaged of problems connected with the construction and operation of the most important projects carried out by joint efforts, including the creation in some cases of infra-structure installations and the supply of raw and other materials and spare parts for specific purposes.

III. Priority Areas of Cooperation

The Sides have found it expedient to concentrate on cooperation in the following priority areas:

In agriculture: to make the SRV self-sufficient as regards foodstuffs and to increase production for export, the Soviet Side shall continue to supply agricultural machines, other equipment, fuel, lubricants and other materials, mineral fertilizers and plant protection agents. Cooperation shall be expanded in the cultivation and processing of tropical fruits and vegetables, coffee, tea, tobacco and other agricultural crops, and also in laying out hevea plantations and the production of natural rubber, taking into account the requirements of the Soviet economy in these products;

in the fuel and energy branches: the Sides shall continue exploration and extraction of oil and gas on the continental shelf in southern Vietnam within the framework of the Joint Enterprise, the development of coal mines and open-cut workings as well as power plants in conformity with the General Outline for the development of this branch, primarily of the Hoa Binh hydrotechnical development, the Tri An Hydroelectric Power Station, the Pha Lai Thermal Electric Power Station and high-tension transmission lines and substations. In working out the General Outline for the development and distribution of the productive

forces of Vietnam, researches necessary for the effective step-by-step harnessing of the hydropower resources of the Black River shall be conducted;

in metallurgy: cooperation here shall be directed at the creation of an up-to-date iron-and-steel industry in the SRV in conjunction with the development of the energy and raw material base essential for this. Within the framework of this cooperation priority shall be given to assistance in the designing and construction of a semi-integrated steelworks with an annual capacity of about 500,000 tons using mainly scrap as raw material. The technical and economic substantiations for the construction of an iron-and-steel works with an annual capacity of 1.5 million tons of steel shall be completed at the earliest possible date in order to define and carry out the subsequent stages of the programme for the development of this branch on the basis of the most effective utilization of local resources of iron ore. At the same time steps shall be taken towards fuller utilization of the capacity of the existing iron-and-steel works in the SRV.

In non-ferrous metallurgy the priority area of cooperation shall be the development of the tin extraction industry;

in engineering: cooperation shall be directed at the creation of the metalworking production facilities essential to meet the needs of the SRV. Priority shall be given to continued assistance in the reconstruction of the Hanoi Engineering Factory, the completion of the construction of a diesel engine plant and of an engineering factory in Cam Pha, the construction of truck and building machine repair plants and factories to produce automobile and tractor spare parts. The Sides shall continue to cooperate also in the designing and construction of an industrial fittings and accessories plant, a forge and die press equipment plant, and a plant for the production of castings and forgings;

in the chemical and oil-refining industries: cooperation shall be continued in expanding the extraction of apatite and the production of phosphorous fertilizers, in the creation of the oil refining and petrochemical industries using local oil and gas resources, and in the manufacture of goods made of natural rubber. The Sides shall continue to cooperate in the designing and construction of a cellulose mill, a factory producing rayon, a nitrogen fertilizer and a caustic soda plant, with the simultaneous development of the raw material and energy base needed for this.

To ensure the supply of medicaments to the population of Vietnam, the Sides shall cooperate in launching the production in the SRV of some types of antibiotics;

in the sphere of transport and communications: the Sides shall complete the construction of the Thang Long Bridge across the Red River, and continue cooperation in the reconstruction of railways and raising their carrying capacity, first of all of the Hanoi-Haiphong and the Hanoi-Lao Cai railways and

the Hanoi railway junction, as well as in the construction of a multi-channel radio relay communication line between Hanoi and Ho Chi Minh City and, in conformity with an existing agreement, of a co-axial cable communication line;

in the sphere of geological prospecting: the Sides shall continue cooperating in the exploration of deposits of oil and gas, tin, apatites, iron ore and other minerals with a view to the effective utilization of the natural resources of the SRV, and in the further strengthening of the material and technical base of the country's geological service.

IV. Implementation of the Programme

The concrete areas, dimensions and specific objects of economic, scientific and technical cooperation following from the present Programme, and the priorities and time-limits for the construction of the various projects shall be defined and specified in the course of the coordination of the state plans of the USSR and the SRV for 1986-1990 and subsequent five-year periods, and also taken into consideration in the elaboration of other Soviet-Vietnamese cooperation programmes.

The Sides have agreed to conduct consultations on questions relating to the implementation of the present Long-Term Programme.

Verification of the implementation of the Programme shall be vested in the Inter-Governmental Soviet-Vietnamese Commission for Economic, Scientific and Technical Cooperation, which, when necessary, shall submit recommendations aimed at ensuring the successful implementation of the Long-Term Programme.

The present Long-Term Programme may be amended and supplemented by the Sides depending on the results achieved and also on the new requirements and possibilities that might open in the development of cooperation.

Done at Hanoi on October 31, 1983, in two copies, each in the Russian and Vietnamese languages, both texts being equally authentic.

**For the Government of the Union
of Soviet Socialist Republics
G. ALIYEV**

**For the Government of the
Socialist Republic of Vietnam
PHAM VAN DONG**

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TRADE WITH LDC'S

SOVIET-BOLIVIAN DISCUSSIONS ON INCREASING BILATERAL TRADE

Moscow FOREIGN TRADE in English No 2, Feb 84 pp 50-51

[Article by B. Orlov: "Meeting of the Soviet-Bolivian Commission"]

[Text]

Late September 1983 the Soviet-Bolivian Intergovernmental Commission on Trade and Economic Cooperation held its second meeting in Santa Cruz de la Sierra (Bolivia).

The Soviet delegation was led by V.M. Ivanov, Deputy Minister of Foreign Trade; and the Bolivian delegation by Carlos Rivas Grana, Deputy Minister of Foreign Affairs. Among the Soviet delegation were representatives of the USSR Ministry of Foreign Trade, the USSR State Committee for Foreign Economic Relations, the Civil Aviation Ministry, the Bank for Foreign Trade of the USSR, and all-Union associations. The Bolivian delegation was formed from executives of the Ministries of Foreign Affairs, of Finance, of Planning and Coordination, of Mines and the Metallurgical Industry, of Agriculture, Aeronautics, the Central Bank, a number of state-owned enterprises, and development corporations of Bolivia's different departments.

The meeting was opened by Bolivia's Minister of Foreign Affairs and Cult José Ortiz Mercado.

Bolivia is a Soviet active trading partner among the Latin American developing countries. At the same time the analysis of the progress made in Soviet-Bolivian relations since the Commission's first meeting (April 1982) showed a slight fall in the volume of Soviet exports to Bolivia.

The range of Soviet exports to Bolivia almost totally consists of machines and equipment, mainly for the mining and metallurgical industries. Bolivia exports to the USSR the mining industry products. The balance of trade continues to be favourable for Bolivia.

The delegations agreed that to further and diversify mutual trade and make it more balanced, it was necessary to increase the deliveries of Soviet machinery and equipment for Bolivian different industries and simultaneously raise Bolivian traditional and non-traditional export shipments to the USSR.

Having considered all possible steps to be taken to promote mutual trade, the delegations came to the conclusion that a transition to trade on a long-term basis would be

a way of stabilizing the two countries' trade relations and putting them on a new, higher level. The leaders of the delegations signed an Agreement between the USSR and Bolivia on Mutual Deliveries of Goods between 1984 and 1986, under which Soviet foreign trade associations and Bolivian organizations and firms will conclude bilateral contracts including long-term ones. The governments of both countries are to render assistance in concluding and implementing such contracts. The annexes to the Agreement contain lists of goods for mutual exchange which are not limited in respect of volumes or range of shipments. Specifically, the Commission recommended for Soviet exports to Bolivia such goods as mining, iron-and-steel, power-generating, electrical, oil-producing equipment, transport facilities, tractors and farm machinery. Bolivia offers non-ferrous metals and their concentrates for export to the USSR.

The participants were pleased to note that the fuming factory in La Palca (near the town of Potosi) had been put into operation in July 1982. This is an example of two countries' successful cooperation in implementing large-scale long-term projects. The All-Union Association Machinoexport participated in the construction of the factory by developing the design, supplying equipment and materials, supervising the construction, effecting the contract supervision of the most sophisticated equipment, and commissioning and adjusting the equipment. The experience gained during this construction will serve as a good basis for building a similar project in Machacamarca (near the town of

Oruro). Attaching great importance to this project the sides agreed to continue searching ways of accelerating its implementation.

The Programme for the Development of Bolivia's Agriculture envisages its wide industrialization. The Soviet side expressed its readiness to cooperate in this field, specifically by building a tractor assembly line with the participation of V/O Traktoroexport and a Bolivian company. During the Commission's meeting the All-Union Association Traktoroexport and the Bolivian firms, Rioma Representaciones Ltda and Coboim, signed a protocol of the main provisions for installing the tractor assembly line. The Soviet side suggested that in the interim design period Traktoroexport could supply the Bolivian market with assembled tractors and farm machinery. During the meeting a contract was signed for the shipment to Bolivia of 100 assembled tractors.

Taking account of the Bolivian interest in cooperation with Soviet organizations in realizing the programme for the development of public transport in the cities of Santa Cruz and Cochabamba, the All-Union Association Energomachexport in May 1983 submitted corresponding commercial and technical proposals concerning the creation of a trolley-bus network to each city administration department for approval. The Bolivian delegation imparted information on the fact that a competent organization was studying the proposals and would soon make a decision on the matter.

The Bolivian side showed interest in Soviet experience to avoid losses of farm produce from unfavourable weather, particularly that

for protecting fruit plantations against hail, especially vineyards. The Soviet side indicated its readiness to pass over the necessary information.

On the Bolivian delegation's initiative, the Commission discussed the possibility of Soviet shipments of equipment for gold fields, of Soviet foreign trade organizations' participation in renewing the fleet of road-building machinery, and providing the machines and equipment earlier supplied to Bolivia with spare parts.

To increase the volume and expand the range of its exports to the USSR the Bolivian delegation submitted for the Soviet side's approval suggestions for shipments of both traditional and non-traditional export goods. Soviet foreign trade organizations are studying the proposals.

The delegations analyzed the progress made in fulfilling the Agreement dated March 11, 1976, on Shipment of Machinery and Equipment, including industrial plant, from the Soviet Union to the Republic of Bolivia and noted its importance for promoting bilateral trade. As the time for signing contracts under the Agreement had expired, the sides agreed to prolong it with some amendments up to June 11, 1986.

During the meeting the sides considered and signed a corresponding document on the procedure of settlements between the Bank for Foreign Trade of the USSR and Bolivian Central Bank applicable to transactions effected with enterprises in Bolivian state sector coming under the mentioned Agreement on Shipments of Machines and Equipment from the Soviet Union to Bolivia.

While discussing prospects of economic and technical cooperation the sides agreed that Soviet and Bolivian competent organizations jointly study specific questions of cooperation at the initial stages in such fields as geological prospecting for solid minerals, their extraction, training of specialists, elaboration of technical and economic substantiations for power-generating projects, with account of the programme for developing this sector in Bolivia. The Soviet side expressed its readiness to send to Bolivia a group of experts specializing in geology, the mining industry, the power industry and in training engineers.

At the Bolivian side's request Soviet organizations will also consider the possibility of sending to Bolivia specialists for advising on the technology of removing impurities from tin concentrates, and also on the technology of gold production at different-type fields; on working out the technical and economic substantiation for constructing a tyre factory in Riberalta (Beni Department), as well as to advise on agriculture.

The delegations exchanged opinions on the prospects of relations in the field of air communication between the USSR and Bolivia and agreed that the conclusion of an intergovernmental agreement could be the solid basis of this cooperation. The sides came to an agreement that irrespective of the negotiations on the terms of such agreement Soviet Aeroflot could open an office in Bolivia.

The wide exchange of opinions between representatives of Soviet and Bolivian organizations, which took place during the meeting, was

a sure forerunner of stronger business contacts, and revealed each country's view-point on specific matters of cooperation in various fields. The meeting, held in a businesslike constructive atmosphere, undoubtedly promoted the two countries' trade and economic ties.

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TRADE WITH LDC'S

SOVIET, CMEA TRADE WITH INDIA IN ENERGY, TECHNOLOGY DETAILED

1983 Soviet-Indian Trade

Moscow MOSCOW NEWS in English No 3, 29 Jan-5 Feb 84 p 4

[Article by A. Khomutov: "CMEA and Developing Countries. USSR and India: an Illustration"]

[Text]

The Council for Mutual Economic Assistance, which is 35 years old this year, is an organization of the socialist countries. However, member-countries' links go far, beyond the framework of CMEA. Council members have diversified contacts with other countries, including the developing nations. For example, trade between CMEA and these countries has increased more than 30 times since 1950, and the number of partners using the Council's economic, scientific and technological assistance has increased threefold during the last 20 years.

The many years of cooperation between the USSR and India is an example of the successful development of mutually advantageous contacts. In November 1983, the 5th International Trade Fair in New Delhi showed the broad and diversified character of these relations.

The Soviet exposition was the most representative one among those 37 held by foreign participants. Of great interest were machine tools, textile machinery, medical equipment, computers and agricultural machinery,

and printing equipment. The section sponsored by the State Committee of the USSR for Foreign Economic Relations and devoted to Soviet-Indian scientific and technological cooperation was quite topical. The map of India showing the industrial projects built or being built with Soviet help was the centre of visitors' attention. The Soviet exposition featured over 4,000 exhibits, 80 per cent of which were on display in India for the first time, considering requirements and demands of Indian business.

The section "Soviet-Indian Cooperation in Space Exploration" attracted visitors all the time. Broadcasts made with the help of the Orbita satellite system gave an example of the Soviet Union's use of space for peaceful purposes.

More than 3,000 people signed the visitors' book where they mentioned their friendly feelings to the Soviet Union and its citizens.

During the fair a very important analysis was carried out concerning the implementation of the concluded agreements and the signing of the

new ones. 63 contracts were signed altogether to the tune of 118.2 million roubles (as part of the year's mutual deliveries): the Soviet export is 21.2 million roubles, including machines and equipment up to 15.6 million roubles, and the import from India is 97.0 million roubles.

Commercial activity at the fair resulted in extending the range of export and import deliveries of the two countries, with requirements of their markets taken into account.

The fair is an example of successful cooperation between countries with different social-economic systems. Their relations are aimed at consolidating developing countries' national economies and this is why they encompass the key branches in industry, science and technology.

The USSR and India, for example, concentrate most of their attention on cooperating in the field of non-ferrous and ferrous metallurgy, engineering, the energy industry, as well as producing coal and oil.

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CEMA-Indian Trade

Moscow FOREIGN TRADE in English No 2, Feb 84 pp 7-12

[Article by Nikolay Bogaty, CEMA Secretariat section head, and Anatoly Olshany, Candidate of Economic Sciences: "Trade and Economic Cooperation Between the CEMA Member-Countries and India"]

[Text]

Every year on January 26 the Indian people mark the Republic Day, the country's red-letter occasion. On that day in 1950 India ceased being a British Dominion and ended her colonial dependence.

Thirty-four years is not a long period for a country with a multimillennium history, but over these years the country has undergone important changes and scored tangible successes in the political, economic, social, cultural and other fields.

The country's gross national product has increased more than tenfold, electricity generation—twentyfold, oil production—sevenfold, coal extraction—fourfold.

This country, which early in the 1950s still was a semicolonial appendage of the West, is now an industrialized nation. Modern machine tools, ships, aircraft, tractors, combine harvesters, radio equipment manufactured at Indian enterprises are not only sold at home, but also find ready purchasers abroad.

An important role in developing the leading sectors of the Indian economy and strengthening the country's economic independence has been played by its diversified ties with the Soviet Union and other CMEA members, who base their cooperation on respect for national sovereignty, equality, mutual advantage and non-interference in one another's domestic affairs.

Cooperation between the CMEA countries and India in the economic, trade, scientific and technical areas has a planned basis and a mutually advantageous and long-term character.

Foreign trade. Trade turnover between the CMEA members and India is a most generalizing indicator of their mutual economic relations, for it includes all deliveries of goods effected under the various forms of their cooperation. The growth of the socialist countries' economic potential due to their increasing economic integration and deepening specialization and cooperation in production has created the requisite material conditions for expanding their trade and economic contacts not only within the CMEA framework,

but also with the newly-free nations, including India.

On the other hand, India's successes in economic development, industrialization above all, have influenced her import-oriented requirements and export potentialities, including those in her trade with the CMEA member-states.

Over the 1970-1982 period alone the CMEA countries' trade with India showed a fivefold increase and in 1982 it amounted to 3,300 million rubles.

Trade Between the CMEA Countries and India

(mln rubles)

	1960	1970	1980	1981	1982
Turnover	198.6	641.4	2,283.2	3,145.7	3,289.4
CMEA Exports	94.7	264.4	1,179.4	1,517.4	1,420.5
CMEA Imports	103.9	377.0	1,103.8	1,628.3	1,868.9

Source: Calculated on the basis of the CMEA countries' trade records.

India has become one of the biggest trading partners of the socialist community countries.

In the early 1950s the share of the CMEA members in Indian foreign trade was under one per cent, but in 1982 those countries, according to the Indian *Financial Express*, accounted for 25 per cent of India's exports and 12 per cent of her imports.

Trade between all CMEA countries and India is developing rapidly. This no doubt attests to the stable nature of their economic relations. The Soviet Union is a major trading partner of India among the socialist countries; in 1982 it accounted for over three-quarters of India's trade with these countries.

Trade Between Certain CMEA Countries and India

(mln rubles)

	1960	1970	1980	1981	1982
Bulgaria	1.1	26.6	39.9	130.8	105.3
Hungary	11.6	37.6	59.8	98.0	88.0
GDR	27.1	59.3	94.9	127.3	106.6
Cuba	—	0.3	4.8	12.7	10.1
Poland	13.0	58.0	97.5	122.2	161.1
Romania	13.5	28.1	147.6	143.3	184.5
USSR	104.0	364.9	1,739.8	2,397.9	2,514.0
Czechoslovakia	28.3	66.6	98.9	113.5	119.8

Trade between the CMEA members and India is based on long-term, predominantly five-year intergovernmental trade agreements.

These agreements, the first one of which was signed between the USSR and India on December 2, 1953, determined the legal foundations and basic principles of trade relations between the socialist countries and India and contained indicative lists of proposed goods for mutual trade, which have been then specified in trade protocols.

Over the past few decades their mutual trade pattern has changed. In the 1960s India set up new and expanded some key industries, for which she needed machines and equipment. In some years their proportion in the CMEA countries' exports to India reached 69 per cent (in Soviet shipments it amounted to 75 per cent). Between 1961 and 1982 the export to India of Soviet machines, equipment and transport means alone made up 2,200 million rubles.

In the 1970s the proportion of equipment and machinery and transportation facilities in the CMEA countries' exports to India began to decline, that was result of the expansion of India's own industrial base. At the same time there was a marked increase in shipments of oil products, fertilizers and other chemical products.

At present the Soviet Union fulfils the need of the Indian market in equipment and machinery for underground and open-cast mining of minerals, equipment for boring oil-wells and their operation and also for the power, iron-and-steel, engineering, electrical, oil-refining, chemical and textile industries, as well as in lifting-and-conveying and road construction machines, oil and oil products, bearings, chemical products, newsprint and other goods.

More than 60 per cent of Czechoslovak exports to India consist of machines, equipment and transport means, including equipment for power stations, the iron-and-steel, engineering, textile and tanning industries, farm machinery, section and sheet steel, pipes and fittings.

Poland exports mining, foundry and electricity-generating equipment, metal-cutting machine tools, cranes, fertilizers and other chemical products.

The GDR's exports to India include equipment for chemical, textile, food and metal-working industries,

farm machinery, sea-going vessels and other products. In recent years there has been a steep rise in shipments of fertilizers, basically potassium ones.

Hungary delivers to India equipment for thermal power stations, for the coal-mining, non-ferrous metals, chemical, food, textile, tanning and shoe industries, ferrous metals and chemical goods.

Romania has increased her exports to India chiefly by expanding deliveries of fertilizers, oil-drilling equipment, equipment for oil refineries, thermal power stations and for plants to turn out concrete structures and bricks.

Bulgarian exports in the main include fertilizers and other chemical products, and rolled steel. In recent years Bulgaria has begun to export radio and electronic apparatus and equipment for the food and tobacco industries.

Traditional agricultural and industrial raw materials (tea, coffee, tobacco, spices, jute and raw hides) loom large in India's exports to the CMEA countries. Recent years, however, are characterized by a noticeable diversification of Indian exports: there is an increase in deliveries to the socialist countries of articles manufactured by India's growing industry. In the early 1980s the proportion of finished goods and semi-manufactures in Soviet and Czechoslovak imports from India was 55 per cent and 40 per cent respectively, whereas the proportion of these goods in India's total exports does not exceed 30 per cent.

The USSR tops the list of India's trading partners for imports, having become the main purchaser of products put out by a number of industries in India. This especially concerns such wares as cable, garage equipment, cotton fabric, garments and knitwear, detergents, cosmetics. Big orders from the USSR and other CMEA countries help India expand old and set up new industries. For instance, knitwear production in India is concentrated in the town of Ludhiana. More than 90 per cent of the output produced there goes to the USSR, thus providing jobs for 500,000 people or half of the town's population.

Year after year the CMEA countries increase their purchases in India of her non-traditional goods, mainly equipment and machinery. The USSR, for instance, expanded the import of these goods from 2.1 million rubles in 1970 to 154 million rubles in 1982. Soviet

organizations buy ever greater quantities of garage and electrical equipment, fitter's tools and other wares from India.

"Trade with the Soviet Union and other CMEA member-states," said D. N. Saksena, Director-General of the Indian Institute of Foreign Trade, "is exceptionally advantageous to India. As distinct from the Western powers which dictate predatory terms and insist on political concessions, the socialist countries raise no protectionist barriers in the way of Indian exports nor do they seek political advantages. Indo-Soviet trade clearly shows what impressive successes states with differing socio-economic systems can achieve in the sphere of economic cooperation if they build their relations on a planned, equal and mutually advantageous foundations."¹

In settlements between most CMEA countries (the USSR, Czechoslovakia, Romania, Poland, the GDR) and India the participants apply bilateral clearing with the use of the Indian rupee as a unit of account. This system of settlements applies to all trade and non-trade payments between organizations and firms of the partners. In this connection attempts were repeatedly made in the Western press to cast doubt on this system being advantageous to India. However, as the Indian *Economic Times* wrote, the trade and economic relations (with the settlement system in rupees), that have taken shape with most socialist countries, are of great importance to India. At present it is only with the European socialist countries that India has a positive balance of trade, whereas the country's total foreign trade deficit, which has reached unprecedented proportions, continues to grow. In view of this the Indian government, as the newspaper notes, intends to continue the existing system of payments in trade with the European socialist countries.

Referring to government circles the same newspaper points out that the system of payments in rupees has given India the following advantages:

it has enabled the country to markedly expand the sales markets for many of its goods (India almost entirely depended on the Western countries and Japan until she began actively to trade with the European CMEA members in the 1950s);

India has succeeded in sharply increasing the export of her non-traditional goods (today their proportion in

the country's total exports exceeds 50 per cent, whereas in the 1970s it was only 20 per cent);

it has made it possible for India to start exporting products of her engineering and chemical industries to European socialist countries which play the "role of pioneers" in the import of many Indian goods turned out by these industries;

finally, in the process of industrialization this system of payments has enabled India to obtain the necessary machines and equipment, raw and other materials from the European CMEA countries without the need to pay hard currency (in 1980/81 these countries accounted for some 14 per cent of India's total oil imports, 39 per cent oil products, 26 per cent fertilizers, 25 per cent non-ferrous metals, over 20 per cent equipment and machinery).

The trade agreements for 1981-1985 signed between the CMEA countries and India open up new vistas for increasing their mutual trade and diversifying its pattern.

Economic and technical cooperation. The CMEA countries' trade with India is increasingly becoming part of a whole system of economic ties covering technical cooperation, cooperation in production and other forms of cooperation.

The economic and technical assistance of the CMEA members to India has a number of specific features:

it helps India develop her public sector on a planned basis;

it has a production-oriented nature and is conducive to setting up administrative-production complexes;

it is chiefly founded on long-term intergovernmental agreements.

Over 400 industrial enterprises and other projects, fundamentally in the sphere of material production, have been built or are under construction predominantly in India's public sector with the CMEA countries' technical assistance. All these projects have been envisaged in India's five-year economic development plans.

Importantly, cooperation between the CMEA countries and India is notable for its productive orientation: industrial enterprises and power projects account for over 70 per cent of their total volume of economic and technical assistance.

The following figures illustrate the economic significance of enterprises built in India with the aid of the CMEA countries.

In recent years alone the projects of Soviet-Indian cooperation have accounted for about 38 per cent of India's total steel output, over 35 per cent of oil extraction, 41 per cent of oil refining and some 10 per cent of electricity generation; they have also produced considerable quantities of heavy metallurgical, mining and power-generating equipment.

Industrial enterprises set up in cooperation with the CMEA countries are acting as a basis for the further industrialization of India. For instance, during the construction of the first stage of Bhilai Steel Plant, India's share in the deliveries of equipment and metal structures was 13 per cent and 22 per cent respectively, whereas in building the steel plant in Bokaro this share correspondingly went up to 60 per cent and 92 per cent.

The construction of large projects has radically changed the life of entire areas, contributed to the rapid growth of the productive forces, the training of local skilled personnel and improvement of the living conditions of the population. Close to the new complexes being erected a large number of small enterprises appears to turn out products necessary for the former's construction and operation. According to Indian economists, as an outcome from nine projects alone of Soviet-Indian cooperation over 800 various enterprises were constructed.

Metallurgy is an important area of cooperation between the CMEA countries and India. Soviet organizations helped build and expand the steel plants in Bhilai and Bokaro (up to four million tons of steel a year each). More and more effort is being put into the construction of the steel plant in Visakhapatnam (three million tons of steel annually).

Enterprises built with the assistance of the CMEA member-states as a rule operate much more reliably and steadily and reach their rated capacity much quicker than the West-aided projects.

In the 1950s, besides the Bhilai steel plant, other metallurgical works were built in Durgapur and Rourkela with British and West German assistance. According to Indian specialists, of these three plants the one in Bhilai in all technical and economic characteristics has proved to be the most efficient. As data for the

end of the 1970s and the beginning of the 1980s show the utilization level of steel smelting capacity reached at the Bhilai plant was 1.3 times higher than the average for India's entire iron-and-steel industry.

Socialist countries have greatly contributed to the development of the Indian non-ferrous metal industry. The construction of the Hungarian-aided alumina plant (200,000 tons a year) and the Soviet-aided aluminium works (100,000 tons a year) in Korba has been completed.

The Indian side has been given the Soviet technical documentation for construction of a mine and a concentrating plant of a mining and ore-dressing complex to produce three million tons of copper ore annually, and also the technical and economic substantiation for the proposed construction of an alumina plant (600,000 to 800,000 tons a year) in the state of Andhra Pradesh and a shop for extracting gallium as a by-product of the alumina manufacture at the aluminium works in Korba.

The GDR is helping build a works in Jaipur to produce 600,000 sq. m of copper foil and 490,000 sq. m of copper-plated steel sheet annually. With the commissioning of this works India will no longer need to import these products.

Cooperation with the CMEA countries is of great help to India in solving problems relating to the firm establishment of her sovereign right to prospect for and develop her natural resources, including the *working of her fuel and energy materials*.

The USSR and Romania are giving India technical assistance in exploring and developing oil and gas deposits and in building oil refineries. As a result of the joint efforts of Indian and Soviet specialists, large oil deposits have been discovered in the states of Gujarat and Assam and also in the western sector of the Indian shelf near Bombay. All in all, about 50 oil and gas fields have been found in India with Soviet assistance. Set up in 1956, the Indian Oil and Natural Gas Commission over the period of cooperation with Soviet organizations has extracted more than 75 million tons of oil and over 9,000 million cubic metres of gas².

Three oil refineries have been built in India with Soviet assistance: in Koyali and Barauni (three million tons of oil a year each) which were later expanded by the Indian side up to annual capacities of 7.3 million

tons and 3.3 million tons respectively and in Mathura (six million tons of oil annually). The oil refinery in Gauhati (1.25 million tons a year) was built with Romanian assistance.

These enterprises have enabled India to meet her needs for oil products in large measure and reduce their imports.

CMEA countries have helped India to erect several modern enterprises for extracting power-generating and coking coals. Soviet organizations have assisted in designing, building and reconstructing coal-mining enterprises of 45 million tons a year total output and coal washeries of 20 million tons annual capacity. The coal mines (four million tons a year) and the coal-washing plant in Kanpur (2.8 million tons per annum) have been built in cooperation with Poland. Hungary has also helped in building a coal mine. GDR specialists have provided assistance in developing lignite deposits.

CMEA countries have given India appreciable assistance in developing her *power industry*. The USSR has helped in building power stations with a total capacity of 3,500 MW. A contract has been signed for the construction of the first stage of the Vindhyachal thermal power station (1,260 MW). Several others with a total capacity of around 1,000 MW have been erected with the assistance of Hungary, Poland and Czechoslovakia.

The measures to set up an independent national economy called for the rapid development of the modern *machine building industry* in India. Large works constructed with the assistance of the USSR and Czechoslovakia have become the core of the Indian heavy engineering industry. The Ranchi heavy engineering works turns out various equipment for the iron-and-steel, oil, cement and other industries.

The Soviet-assisted engineering works in Durgapur is the main mining equipment manufacturer in India. It produces coal combines, heading machines, various dressing equipment, conveyer belts, ventilators, pumps. Many coal mines in India are fitted out with equipment produced by this works.

Up to 60 per cent of the heavy power-generating equipment in the country is turned out by the Soviet-assisted factory in Hardwar, the largest in South and South-East Asia. It manufactures equipment for thermal and hydroelectric power plants. For the first

time in India capacity has been put on-stream to manufacture 200 MW turbogenerators which are installed at different power stations in the country.

An important contribution to India's mechanical engineering industry has been made by Czechoslovakia which helped build a heavy electrical equipment factory in Hyderabad producing annually turbines and generators with a total capacity equal to 900 MW, a power-generating boiler factory in Tiruchchirappalli and a chemical apparatus works in Visakhapatnam. Czechoslovakia also provided assistance in the constructing of four machine-tool factories, the largest of them being the heavy machine-tool factory in Ranchi.

In the CMEA members' cooperation with India much attention is devoted to training national personnel. Over the period of their cooperation they have helped India train over 150,000 local specialists directly on construction sites, at enterprises already in service, in the educational institutions and centres set up in India with their assistance, and also at their own colleges and factories.

The Soviet Union has helped establish four faculties at Indian universities, six secondary technical schools, and equip the Bombay Institute of Technology intended to put out over 2,000 specialists annually, as well as set up several large educational centres. Czechoslovakia participated in founding the Institute of Metal-cutting Machine Tools in Bangalore. Individual educational establishments and centres were fitted out with the participation of other CMEA countries.

Cooperation between the CMEA member-states and India is well developed in various other branches of industry, as well as in agriculture, science and technology.

Production cooperation and other forms of economic relations.

The application of new forms of cooperation, along with the traditional ones, is furthering the expansion and deepening of economic ties between the CMEA countries and India. Of increasing importance in this respect is production cooperation which shows a favourable future.

This cooperation is achieved in many ways.

There is a form of cooperation under which one of the partners supplies for a long period the other with parts, units and assemblies as components of end pro-

ducts, which are realized by the manufacturer himself. For instance, Soviet organizations under contracts they have signed with their Indian partners hand the production technology over to them and provide complementary articles and units for the very sophisticated equipment under manufacture by the Soviet-assisted engineering factories in Ranchi, Durgapur and Hardwar.

On the basis of cooperative deliveries from Czechoslovakia, India has organized production of Zetor tractors in Baroda and of Jawa motorcycles in Mysore. Originally, Czechoslovakia shipped unassembled tractors; later she began to supply individual parts and assemblies, constantly reducing their volume as their production in India increased. The manufacture of metal-working machines on the basis of Czechoslovak-supplied components has been organized at the engineering works in Ranchi and Ajmer. The Ranchi works alone makes 15 types of machine tools based on Czechoslovak parts and units.

Hungary has given assistance in building an electric lamp factory and fitted it with the necessary equipment: the manufacture of components for assembling electric lamps and neon tubes has been started in India with the use of Hungarian technologies.

Hungary is providing equipment for a microwave communication system (range 4,000 km) now being created; India has already received from Hungary the technical documentation requisite for manufacturing similar equipment. Indian specialists for making and operating microwave communication equipment are being trained in Hungary.

Also on the rise is compensation-based economic and technical cooperation.

Soviet organizations are increasing imports of Indian products turned out by heavy engineering factories as compensation for the assistance in their construction. The parties have agreed upon the deliveries to the USSR in 1981-1985 of equipment manufactured by the factories in Ranchi and Durgapur.

Poland's expenditures incurred in the export of equipment for small wool-spinning mills in India are being repaid by counter-shipments of cloth.

In the 1970s India started the production and began exporting a wide range of sophisticated machines and equipment, thus providing conditions for fruitful co-

operation between Indian firms and CMEA countries' organizations on the markets of third countries. Indian enterprises, for instance, in cooperation with Soviet and Czechoslovak factories are making oil-drilling equipment and excavators for third countries.

The engineering factories in Ranchi and Durgapur, fulfilled orders placed with them by Soviet organizations for partial deliveries of sophisticated processing and other equipment for the Soviet-assisted iron-and-steel works in Turkey, Egypt and Sri Lanka, an aluminium plant in Yugoslavia and various projects in Hungary, Bulgaria, and Cuba.

Under the agreement on cooperation in the oil-processing industry signed between Romania and India, specialists from the two countries are prospecting for oil (with the use of Romanian oil-boring equipment) not only in India but also in third countries (Libya for instance).

Recent years have seen ever wider application of such a form of cooperation in the industrial and other fields as joint companies. This form differs from those referred to above in that it provides for joint investments, management and sharing of profits and expenditures. Joint enterprises, mainly joint-stock companies, are set up in the developing states with the participation of the CMEA countries' organizations.

Czechoslovak organizations through the joint-stock company Škoda-India Private, Ltd. (62 per cent of its capital belongs to the Indian firm and 38 to the Czechoslovak Skodaexport) give India technical assistance in building power stations, cement plants, chemical works and oil refineries.

Pragoinvesta Diesels Co. (84 per cent of its authorized capital belongs to the Indian firm and 16 per cent to the Czechoslovak Transakta) has commissioned a process line at an Indian factory in Ahmadabad to manufacture components for diesel engines assembled under a Czechoslovak licence. Czechoslovakia purchases part of this factory's output.

The joint enterprise Temis (75 per cent of its joint-stock capital belongs to the Indian firm and 25 per cent to a Hungarian one) has begun the production of vitamin B₁₂ and other medicinal preparations. Moreover, this enterprise packs and sells some pharmaceutical goods supplied by Hungary.

The organization of large-scale long-term cooperation, which includes production, between the

CMEA countries and India requires the mutual coordination of various measures: industrial, financial and legal. An important role in this system belongs to the long-term programmes of cooperation signed at intergovernmental level between the cooperating countries. The control over the programmes implementation is exercised by the intergovernmental commissions set up for the purpose. Such a long-term programme of economic, trade, scientific and technical cooperation was signed between the USSR and India on March 14, 1979, for a period of 10 to 15 years.

India's trade and economic relations with Bulgaria, Hungary, the GDR, Romania and Czechoslovakia are also of a long-term nature.

These long-term programmes and agreements are especially important to India because they have a regulatory effect on the progressive processes of reorganizing the country's economic structure, help the development of planning principles in the economy and create possibilities for the optimal utilization of internal and external material resources. At the same time these programmes and agreements make it possible for the partners to comprehensively plan and coordinate all the basic trends of their mutual trade, economic, scientific and technical ties, in this way allowing the allocation of the necessary material and financial resources for these purposes to be planned well ahead.

Full use of the advantages inherent in these forms of trade and economic cooperation meets the vital interests of the CMEA countries and India. The growing trade and economic ties between the CMEA member-states and India are a substantial contribution to the cause of peace and democratic international cooperation.

¹ Quoted from M. I. Stasov, *India and the Socialist Countries*, Moscow, 1980, p. 76 (in Russian).

² *Built with Soviet Economic and Technical Assistance*, Moscow, 1982, p. 186 (in Russian).

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